

DEVELOPMENT AND AGRICULTURE IN LATE COLONIAL PAPUA NEW GUINEA

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Declaration: Except where otherwise indicated this thesis is my own work.



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THESIS ABSTRACT

This thesis examines the influence of the idea of development on policy in late colonial Papua New Guinea, during the three decades after World War II. It is shown that Australian and indigenous officials were heavily influenced by the idea, although what was meant by development varied considerably. A major reason for the variation lay in the idea of development itself, because of the continuous tension between development as a spontaneous process, and as an intentional process, to take ameliorative action in response to what is seen as negative or destructive in the former.

The argument is illustrated through an examination of development thought and policy in distinct phases, from immediate post-war uncertainty to uniform development of the 1950s and the 1960s accelerated development period. The early 1970s transition to self-government and Independence is shown to be one of increasing uncertainty once more, due to the growing conflict among indigenes about what development would mean for a new nation-state. Further detail for the argument is provided by case studies of two crops, rice and cocoa which were central to colonial development policy.

The thesis concludes that the conventional picture of the colonial administration as an obstacle to development derives from a paradox which lies at the centre of the idea of development itself. Development was central to colonial policy in each phase, and the colonial administration was deeply attached to the objective of bring development to and for the indigenous people. With such an attachment and the commitment of substantial resources to attain the objective, how is it possible – as is now so regularly done - to castigate Australian colonialism for failing to bring development? It is argued here that the resolution of the paradox lies in the continuing tension between imminent, spontaneous and intentional development. As the thesis shows, policy framed to meet the latter objective was unable to control the former, when the development of capitalism determined what eventuated.

DEVELOPMENT AND THE CONTINUING VIRTUE OF VILLAGE LIFE

'We have to contemplate in the long term the problems that may be set up by the early creation of a landless, urban proletariat. Our concern with such an eventuality is not repressive in intention but is one which pays regard to the risks to which the individual and the group will be exposed in the course of the transition. We have to be careful that they do not lose their social anchorage in the village before we can be sure that they find an equally safe social anchorage...as wage-earners in the town.'

(Paul Hasluck 'Australian Policy in Papua and New Guinea' 1956, also cited in Huntley Wright 'A Liberal "Respect for Small Property": Paul Hasluck and the "Landless Proletariat" in the Territory of Papua and New Guinea, 1951-63' *Australian Historical Studies* V.113, No.119, April 2002, pp.55-72)

'Whenever I went home on leave, I regarded myself not as a teacher but as a village man, and I behaved like everyone else.'

(Michael Somare *Sana: an autobiography of Michael Somare* Port Moresby: Nuigini Press, 1975, p.41)

'One important asset that Papua New Guinea possessed at the transition from colonial government was the survival of the village as a viable and attractive, or potentially attractive, social and economic unit in many rural areas. Very few Papua New Guineans had grown up entirely outside villages. The idea of life in the village, improved by better services and opportunities to earn incomes, was to relatively few Papua New Guineans the unacceptably inferior alternative to urban life that it was in many other countries.'

(Ross Garnaut 'The Framework of Economic Policy-Making' in J.A.Ballard ed. *Policy-Making in a New State: Papua New Guinea 1972-77* St Lucia: Queensland University Press, 1981, pp.161-162)

'It is important to the overall stability of PNG to recognise the on-going importance of village agriculture, and to ensure that the aid program does not undermine its role by inflating expectations that are illusory. It is clear that, even on the most favourable assumptions about growth, village agriculture will continue to sustain the overwhelming majority of Papua New Guineans for the foreseeable future.'

(Alan Morris and Rob Stewart *Papua New Guinea Analytical Report for the White Paper on Australia's aid program* Canberra: AusAID, September 2005, 9-18)

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Dick Bryan, Robert Foster, Robin Hide, Michael Rafferty, and Tony Smith remain constant guides, sources of advice and comradeship. Geoff Kay and Nicola Swainson have been important intellectual influences. Dave Roberts is a generous and wise counselor, always available to help. In the UK, my cousin Iain MacWilliam has repeatedly provided accommodation, companionship and encouragement.

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There is no doubting to whom I owe the most substantial intellectual debt. I deeply regret that Mike Cowen did not live to know the result of his urging to complete this thesis. As Gavin Kitching neatly said of Mike's contribution to his own study: 'He would not, I am sure, have agreed with everything in it, but that is just the point. I and many other people are much the poorer for no longer having Mike's disagreement from which to learn'.¹

Finally, to my sons, Hugh, Michael, Ewan and Lachlan, a special thanks for their good humour and affection, invariably at the right moments.

1. *Seeking Social Justice through Globalization: Escaping a Nationalist Perspective* University Park, Pennsylvania: The Pennsylvania State University Press, 2001, p.xv

DEVELOPMENT AND AGRICULTURE IN LATE COLONIAL PAPUA NEW GUINEA,

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ABBREVIATIONS

ALP	Australian Labor Party
AN	Accession Number
ANGAU	Australian and New Guinea Administrative Unit
ANGPCB	Australian New Guinea Production Control Board
ANU	Australian National University
ANZAAS	Australian and New Zealand Association for the Advancement of Science
AO	Agricultural Officer
ASOPA	Australian School of Pacific Administration
AusAID	Australian Agency for International Development
BCL	Bougainville Copper Limited
BDC	Bougainville Development Corporation
CILM	Commission of Inquiry into Land Matters
CPC	Constitutional Planning Committee
CPO	Central Planning Office
CRA-RTZ	Conzinc Riotinto of Australia – Riotinto Zinc
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DASF	Department of Agriculture, Stock and Fisheries (Territory of Papua and New Guinea)
DC	District Commissioner
DEA	Department of External Affairs, Commonwealth of Australia
DET	Department of External Territories, Commonwealth of Australia
DO	District Officer
DoT	Department of Territories, Commonwealth of Australia

DPI	Department of Primary Industry, Papua New Guinea
ENB	East New Britain
F/N	File Number
IBRD/World Bank	International Bank for Reconstruction and Development
LGC	Local Government Council
LPA	Liberal Party of Australia
MA	Mataungan Association
NAA	National Archives of Australia
NCDS	National Centre for Development Studies, ANU
NGDC	New Guinea Development Corporation
NGIP	New Guinea Islands Produce Company
NGRU	New Guinea Research Unit, ANU
NLA	National Library of Australia
POC	Office of Programming and Coordination
PNG	Papua New Guinea
PNGNA	Papua New Guinea National Archives
RAO	Regional Agricultural Officer
RSPAS	Research School of Pacific and Asian Studies, ANU
SAE	Senior Agricultural Economist
SAO	Senior Agricultural Officer
TCP	Tolai Cocoa Project
TPNG	Territory of Papua and New Guinea
UN	United Nations
UNDP	United Nations Development Program

UPNG	University of Papua New Guinea
VSD	Vascular Streak Dieback

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INTRODUCTION

Development as an Idea

The study of the relationship between ideas and government policy has a lengthy history. The thesis aims to extend understanding of this relationship through an account of one idea and its effect on policy, specifically policy for and in a colony, before and during the transition to Independence.¹ That idea is development.

As will become clear, development was an especially powerful idea which influenced and was employed by Australian officials who, for more than two and a half decades after World War II held state power in Papua New Guinea (PNG). Development also exerted a strong influence upon the indigenes who subsequently came to power.

Dominant ideas acquire and retain their power through a capacity for adaptation. This adaptation involves processes through which ideas intersect with specific conditions. So the study of an idea is also a study of a process. The conditions or circumstances under which the idea of development is reshaped are central to any account of the idea.² This thesis examines changes in development as an important idea for late colonial PNG, as well as the process by which adaptation of the idea occurred.³

1. Robert Jackson 'The Weight of Ideas in Decolonization: Normative Change in International Relations' in Judith Goldstein and Robert O Keohane eds. *Ideas & Foreign Policy: Beliefs, Institutions, and Political Change* Ithaca and London: Cornell University Press, 1995, pp.111-135, describes how other ideas were important for their influence upon changes in colonial policy. See also the discussion in other essays in this collection, including G. John Ikenberry 'Creating Yesterday's New World Order: Keynesian "New Thinking" and the Anglo-American Postwar Settlement' pp.57-86. For a study of ideas and their effect in a particular country, see Tony Killick *Development Economics in Action: A Study of Economic Policies in Ghana* London: Heinemann, 1978.

2. See Frederick Cooper 'Modernizing Bureaucrats, Backward Africans, and the Development Concept' in Cooper and Randall Packard eds. *International Development and the Social Sciences: Essays on the History and Politics of Knowledge* Berkeley: University of California Press, 1997, pp.64-92; Robert H. Wade 'US hegemony and the World Bank: the fight over people and ideas' *Review of International Political Economy* v.9, no.2, Summer 2002, pp.215-243

3. For an account of development theory as a body of thought subject to a process of emergence, ascendancy and subsequent decline, particularly since World War II, see Colin Leys *The Rise and Fall of Development Theory* London, Bloomington and Nairobi: James Currey, Indiana University Press and East African Educational Publishers, 1996, pp.3-44, Ch. 1. See also accounts of the post-World War II invention and construction of the academic discipline of development economics, including: H.W.Arndt *Economic Development: The History*

The Power of Development

Development was perhaps 'the idea of the twentieth century',⁴ and continues to be important. There are major international as well as national institutions constructed to bring development (eg. the International Bank for Reconstruction and Development, the United Nations Development Program and the Australian Agency for International Development). Development is also widely applied to processes undergone by nations and individuals.⁵ Importantly, development remains a critical component of ruling ideas internationally, even as the extent of 'trust in development' waxes and wanes.⁶

As a dominant idea which influences state policy, development contains and conveys the intent to transform the conditions of undeveloped, less developed, and underdeveloped.⁷ Making these conditions disappear is described as the

of an Idea Chicago: University of Chicago Press, 1987; Gerald M. Meier *Biography of a Subject: An Evolution of Development Economics* Oxford: OUP, 2005; Robert L. Tignor *W. Arthur Lewis and the Birth of Development Economics* Princeton: Princeton University Press, 2006; Shahid Yusuf et al. *Development Economics Through the Decades: A Critical Look at 30 Years of the World Development Report* Washington: IBRD/World Bank, 2009

4. Ed Brown 'Deconstructing development: alternative perspectives on the history of an idea' *Journal of Historical Geography* v.22, no.3, 1996, p.333

5. The application continues to be extended: see Victor Breton Solo De Zaldivar 'From Agrarian Reform to Ethnodevelopment in the Highlands of Ecuador' *Journal of Agrarian Change* v.8, no.4, October 2008, pp.583-617

6. Cf. James C. Scott *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* New Haven and London: Yale University Press, 1998; Michael Cowen *Trust in Development* Working Paper 11/98 Helsinki: Institute of Development Studies, University of Helsinki, December 1998; Cowen 'Quakes of Development' *Historical Materialism* no.6, Summer 2000, pp.149-214

7. The description underdeveloped has at least two distinct meanings. One, which appeared in US President Harry Truman's often cited 1949 inauguration address, describes an outcome not yet attained (<http://www.bartleby.com/124/pres53.html>). Underdeveloped is not developed but capable of becoming so. An underdeveloped country and/or people became the object of the intent to develop, especially with the assistance of, support from, governments of countries which had attained the status of being developed. However the second sense, associated with dependency thought which rose to international prominence in the late 1960s and 1970s, asserts that development requires underdevelopment. A unified process of exploitation joins that which is developed, usually a country or countries, with similar entities which are underdeveloped. In the original dependency formulation underdevelopment was a permanent condition unless a radical rupture was effected between the exploited and their exploiter, usually by the rejection of capitalism and adoption of socialism. The latter would provide the basis for previously underdeveloped countries and people to become developed. For arguments about the second sense, see Andre Gunder Frank *Capitalism and Underdevelopment in Latin America Historical Studies of Chile and Brazil* New York and London: Monthly Review Press, 1969; Walter Rodney, *How Europe Underdeveloped Africa* London: Bogle-L'Ouverture Publications, 1972; Samir Amin *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment* New York: Monthly Review Press; Colin Leys *Underdevelopment in Kenya: The Political Economy of Neo-Colonialism* London: Heinemann, 1975; and Azeem Amarshi, Kenneth Good and Rex Mortimer *Development and Dependency: The political economy of*

realisation of development, of becoming developed. Thus there are developed and underdeveloped countries, as well as countries not yet developed, which are being developed or not developing.⁸

During the late colonial period Papua New Guinea was often described as underdeveloped. Even when those who employed the term attributed different meanings to it and proposed different courses of action, they were united in the belief that state agency should and could be applied to make development happen. The power of the idea of development was such that the holders of colonial and transitional state power continuously framed and justified their prescriptions for the people and country in the name of development. So too do critics of late colonial policy.⁹

The idea of development

The origins of the modern idea of development have been traced to the strife-torn years before the middle of the nineteenth century in Western Europe. As a response to the disorder and unemployment which followed the Napoleonic Wars, the idea of development was formulated to transcend earlier thought which described the process of change that early industrialisation brought in positive terms, progress. Identifying negative consequences of this process of change was intended to provide the basis for ameliorative action. In recognising both positive and negative effects of industrialisation, the modern idea of development was invented as a description of, and prescription for joining what were understood as two processes of change. The first process was considered to be spontaneous, as in the spontaneous development of capitalism. The second process was intentional. The latter was the appropriate subjective or willed response to the negative consequences of spontaneous development. Intentional development meant the application of deliberate, intended policies, to counter what was negative, destructive in the first process. Disorder,

Papua New Guinea Melbourne: Oxford University Press, 1979. As will be shown below, both senses have been employed in descriptions regarding development in PNG.

8. Recently change in the Democratic Republic of Congo, formerly Zaire, was described in terms which take the description one step further: see Tim Butcher 'Ruin of Congo' *The Australian Financial Review* January 9, 2009, p.5 where it is claimed the '...Congo was so actively undeveloping that the clock seemed to spin backwards'.

9. For one instance among many see Peter Fitzpatrick *Law and State in Papua New Guinea* London: Academic Press, 1980, who raises the possibility (p.254) of 'integrated development' as an antidote to the existing condition of 'underdevelopment'.

including unemployment and impoverishment, which had come to be seen as inherent in the process of spontaneous development was to be counteracted, negated through intentional development.¹⁰

Because the modern idea of development was formulated as a unity of the two processes, spontaneous development and intentional development, it has retained the positive as well as negative components of the former process. The positives, increases in production and the potential for improvements in living standards remain central to the current popular usage of development as meaning economic growth. Other necessary but negative consequences of spontaneous development, including unemployment and various forms of disorder, continue to appear.

The extent to which development is a process conditioned primarily by endogenous or exogenous circumstances, in this case within or without the colony of PNG, is particularly germane. This study will show that no simple relationship exists between the external and the internal, for either the formulation of the idea of development or colonial policy driven by this idea. Australian officials, academics and others who adopted and adapted the international idea of development shaped colonial development to prepare Papua New Guineans for independence. International conditions and those in the colony substantially affected their thought, policy and practices, whether or not the officials and academics were based in Australia or the colony. By the 1960s and early 1970s, the idea of development had become central to the thought and policy prescriptions of the most ardent nationalists, indigenous and expatriate, in PNG.

In the passage to Independence in 1975, as the hold on state power passed from the Australian government and colonial administration officials to Papua New Guineans, development continued to influence state officials and policy. The transition from the colonial state to the nation state occurred under an indigenous leadership intending to bring development, even as tussles that changed the content of the idea and process continued. The idea had become

10. Michael Cowen and Robert Shenton *Doctrines of Development* London: Routledge, 1996, pp.1-59

so entrenched among the population that school children in Bougainville described the effect of the European presence on the island in terms of its contribution to development.¹¹ In the early 1970s, the dominant idea of development included an emphasis upon redistribution of land and other commercial assets towards indigenes, without resolving exactly which Papua New Guineans were to be the beneficiaries of what benefits.

So pervasive and long-lasting has the employment of the idea of development been in PNG, that during the 30 years since Independence most parties to major debates and conflicts in PNG have continued to invoke development when framing and justifying policies. The specification of a 'Melanesia Way' to achieve development has been advocated as a national and even regional antidote to the perceived ills of 'western' development or what is often employed as a synonym, modernisation.¹²

Development as an Agrarian Doctrine

Development Thought

The role of agriculture in thought about development was especially important during the late colonial period, for colonial and national officials. Increasing agricultural production was envisaged as the main form which economic growth should take in order to satisfy the output increases and improved living standards requirement which was at the centre of development thought. The principal basis for the increases was to be lifting output by households occupying smallholdings, parcels of land usually from less than one to three hectares in size. One positive dimension of development, growth in production, was to be attained by utilising household labour processes upon smallholdings to grow crops for immediate and marketed consumption at raised levels of production. Exchanging income earned from marketed crops for goods manufactured through industrial processes in other countries was intended to lift

11. Alexander Marmak and Richard Bedford 'Bougainville's Students' *New Guinea* v.9, no.1, 1974, pp.4-15

12. Utula Samana *Papua New Guinea: which way? : essays on identity and development* North Carlton, Vic.: Arena, 1988; Bernard Narokobi *The Melanesian Way: total cosmic vision of life* Boroko: Institute of Papua New Guinea Studies, 1980; Narokobi 'Which way now, Melanesia?' in Peter King, Wendy Lee and Vincent Warakai eds. *From Rhetoric to Reality? Papua New Guinea's Eight Point Plan and National Goals After a Decade* Waigani: University of Papua New Guinea Press, 1985, pp.447-450. Further east, a similar concern prompted Fiji's longest serving Prime Minister Ratu Sir Kamisese Mara to formulate 'the Pacific Way'. See *The Pacific Way: a memoir* Honolulu: East-West Center, University of Hawai'i Press, 1997.

living standards, improve welfare and maintain what was conceived of as rural community or communities. To achieve such ends, state coordination and supervision of households were placed at the centre of the colonial agrarian doctrine of development.¹³

Post-war development thought envisaged a major break with the previous orthodoxy in Papua and New Guinea. It was also to distance 'native agriculture' in the colony and trust territory from that which Australian colonial officials understood to be predominant in other colonies, including British West Africa. In the latter, production of export crops, particularly cocoa, was envisaged as taking an especially disorganised, spontaneous form of peasant farming. This farming was considered as having resulted in low productivity, vulnerability to crop diseases and the production of inferior quality bulk cocoa.

The smallholders or household producers of what was intended by the agrarian doctrine which informed colonial officials in post-war PNG were to be distinct from peasant farmers on two principal grounds: the first being the object of production and the second, the methods of production, including labour processes employed and the relationship of the indigenous producers to the state, in the form of the colonial administration. Peasant farmers were conceived first and foremost as driven by the objective of meeting immediate consumption needs as a form of simple reproduction. What marketed production or purchased consumption as did occur in peasant households was envisaged by colonial officials in PNG as only fulfilling low levels of need. Household producers, instead, would engage in marketed production for local and international markets, while also growing food and other crops for immediate consumption at continuously increasing levels of need.

Secondly, for peasant farmers, relatively undifferentiated family labour processes were the principal forms of labour employed, and the state's role was envisaged as largely confined to facilitating the maintenance of subsistence at low levels. In the agrarian doctrine of development formulated for post-war PNG state coordination and supervision was a prerequisite for systematically

13. Huntley Wright *State Practice and Rural Smallholder Production: Late-Colonialism and the Agrarian Doctrine in Papua New Guinea, 1942-1969* Ph.D. Thesis Palmerston North: Massey University provides an extended treatment of the doctrine.

increasing household production and consumption. Improved welfare would follow through commercialised production and consumption, including of crops marketed locally and internationally. Unlike peasant farming as envisaged by Australian officials, which was deemed to be incapable of further improvement, household production was not to be a terminal stage. Instead with close coordination and supervision through the colonial state, in PNG households were expected to be capable of continuous development, resulting in increased incomes and consumption of purchased goods.¹⁴

During the 1950s, the distinction between peasant farming and household, village producers was cast in an especially sharp form. According to one of the key colonial officials responsible for emphasising the difference, villages, as the previous focus of administrative attention, were too small and an inadequate basis for moving the indigenous population beyond the mythical ideal of 'the sturdy peasant farmer', unrealised 'anywhere in the world'.¹⁵ Instead the movement required a reshaping of the colonial administrative structure and official roles so as to more closely coordinate and supervise household production to further raise output and consumption.

Because the prevailing idea of development also sought to deal with the negative consequences of growth, colonial thought paid attention to the need to restrain international and local manifestations of the spontaneous development of capitalism. The connection between the positives and negatives of growth and development is dealt with in greater detail in Chapter 1 below. For the moment it is sufficient to point out that for colonial officials in post-World War II PNG, constraining plantations and other commercial enterprises which employed wage labour occurred in order to check the formation of a landless

14. For arguments which cast household production in PNG as peasant farming, see: Diana Howlett 'Terminal development: From tribalism to peasantry' in H.Brookfield ed. *The Pacific in Transition: Geographical Perspectives on Adaptation and Change* London: Edward Arnold, 1973, pp.249-273; Rolf Gerritsen *Groups, Classes and Peasant Politics in Ghana and Papua New Guinea* PhD Thesis Canberra: ANU, 1979, p.20; Peter Fitzpatrick 'The Creation and Containment of the Papua New Guinea Peasantry' in E.Wheelwright and K.Buckley eds. *Essays in the Political Economy of Australian Capitalism* v.4 Sydney: ANZ Book Co., 1980, pp.85-121; L.Grossman *Peasants, Subsistence Ecology and Development in the Highlands of Papua New Guinea* Princeton: Princeton University Press, 1984, p.14; Barry Shaw *Agriculture in the Papua New Guinea Economy* Discussion Paper No.20 Port Moresby: Institute of National Affairs, 1985

15. NAA M331/1 No.35 *D.Fienberg-Correspondence* 17/4/56 Fienberg to Director of Department of Native Affairs p.12.

proletariat. In late colonial PNG, particularly in the twenty years after the military conflict ended, this meant preventing further increases in the area of land occupied by largeholdings which employed labour under wage and other arrangements.¹⁶ Preserving village life as the desired form of (class-less) community remained the favoured objective,¹⁷ which also came to have wide support among educated and politically active Papua New Guineans.

From Development Thought to Development Policy

Any doctrine of development requires more than an ambition to make development occur.¹⁸ As was obvious immediately after World War II, and again in the early 1970s, widespread agreement about the need to improve living standards for the rural population by raising smallholder output did not automatically become state policy. From 1946 until the end of the decade, the administration in PNG was preoccupied with post-war reconstruction, short of resources and given little detailed policy direction from Australia. While there was substantial agreement about what development meant for PNG, particularly the importance of maintaining attachment to smallholdings under conditions of improved welfare, there was uncertainty about what was required by way of official policy to make development happen.

In the 1950s, uncertainty disappeared. Instead the intention to bring development was effected through a strengthened and well-defined policy of uniform agrarian development for the whole colony. Later, in the 1960s and early 1970s, the linkages between the idea of agrarian development and state policy again became weaker.

16. As will be shown briefly in Chapter Four, the establishment during the 1950s of coffee plantations on leasehold land in the Eastern and Western Highlands provinces is an important exception to the general point. Even here, the bulk of the leaseholds were acquired by expatriates in a very short period, from 1952 to 1954. Cf. Paul Hasluck *A Time for Building Australian Administration in Papua and New Guinea 1951-1963* Melbourne: Melbourne University Press, 1976, pp.118-25; Ian Downs *The Australian Trusteeship Papua-New Guinea 1945-75* Canberra: Australian Government Publishing Service, 1980, pp. 174-186; MacWilliam 'Placing the Planters: European Settlers in Late Colonial PNG', forthcoming considers this exception in more detail.

17. See 'The Continuing Virtue of Village Life' above. The most substantial treatment of this objective remains Wright *State practice and rural smallholder production*; see also Wright 'Contesting community: the labour question and colonial reform in the post-war Territory of Papua and New Guinea 1942-1946' *The Journal of Pacific Studies* v.25, no.1, May 2001, pp.69-94

18. *Doctrines of Development* p.viii

Particularly during the uniform development phase, colonial officials acting as trustees in the name of agrarian development coordinated and supervised household planting of an expanded range of crops. They oversaw commercial marketing of produce and operated as intermediaries between households and private enterprises which processed and traded smallholder output. In some parts of the colony, colonial officials acted as marketing agents for household produce. Officials also checked recruiting of labour for employment on plantations and other enterprises to limit any deleterious effects which this work might have had on household capacity to increase production.

Subsequent critics of colonial policy have mistakenly identified the encouragement and supervision of smallholder production of export crops, including cocoa and coffee, as a bias which supposedly commenced in 1951 towards plantation crop production and away from food crops.¹⁹ As is demonstrated below, the colonial emphasis upon the primacy of smallholders in agrarian development did not presume any such bias. Food crops were accorded equal priority in smallholder production, and households were continually given priority over plantations in the late colonial agrarian doctrine of development. In any case, during the late nineteenth and twentieth century production of many crops, including cocoa and coffee, was increasingly undertaken internationally by household production on small holdings. As the earlier plantation ascendancy faded, by the twentieth century and especially after World War II, smallholder crop is a more accurate description of cocoa, coffee and other agricultural production.

The Idea of Development and State Agency

Three preliminary points need to be made here about state agency. Firstly, the importance of the colonial state for bringing development in PNG arose from a vision which was primarily a version of liberalism.²⁰ According to this view, both the means and end of development was to secure and extend individual rights,

19. See Gordon Dick and Bob McKillop *A Brief History of Agricultural Extension and Education in Papua New Guinea* Extension Bulletin No.10 Port Moresby: Department of Primary Industry, 1976, p.22.

20. Primarily because, as will be shown, the idea of development held by Australian officials was also influenced and bolstered by radical Tory and Fabian strands of thought. See MacWilliam 'Liberalism and the End of Development: Partington against Hasluck and Coombs' *Island* Issue 70, pp.88-100; Ron May *Nugget, Pike et.al.* Discussion Paper 8/98 Darwin: Northern Australia Research Unit, ANU, 1998, p.7

especially to private property in the form of land holdings occupied to increase living standards. It is necessary to note, however, that the heritage of the idea of development which was important for PNG is distinct from much that currently passes as liberal, or sometimes neo-liberalism. Instead Australian liberal developmentalism had roots reaching down to the late eighteenth and nineteenth centuries, among writers including Adam Smith and John Stuart Mill.

The 'primarily liberal' description holds despite the criticisms of the modern idea of development which have flowed from both left and right of the ideological spectrum. In the mid-nineteenth century Karl Marx and Friedrich Engels derided some of the European intellectuals who were important contributors to the formation of the modern idea of development as utopian socialists.²¹ In the next century, F.A. von Hayek – doyen of late twentieth century liberalism – castigated John Stuart Mill, another important figure in the formation of thought about development as 'chiefly responsible for converting the intellectuals of the western world to socialism'.²² Nevertheless, as is shown here, the construction and role of the colonial state in and for PNG was overwhelmingly the response of Australian officials guided by a particular liberal view of how to bring development.

Secondly, while the point of state agency for the liberal Australian version of development was to improve 'native welfare' through an enlargement and extension of private property rights, these rights were of a specific kind. Household labour was subjected to, subsumed by capital, without taking what some consider the 'classic form', separated from ownership of other means of production, including land, and employed in capitalist enterprises. Instead, through continued occupation of smallholdings, the value of householders' labour power was determined through the production and consumption of commodities:

which circulate(d) on international and domestic circuits of capital. Whether the commodities are agricultural export crops, tinned fish and rice, the labour power of household members which exchanges for a wage, or the roads, bridges, medical services and education

21. *Doctrines of Development* pp.21-25. *The Communist Manifesto* London: Verso, 1998, pp.72-75.

22. Cited in Andrew Gamble *Hayek The Iron Cage of Liberty* Boulder, Colorado: Westview Press, 1996, p.5. For Mill's importance in development thought, see Cowen and Shenton *Doctrines of Development* pp.35-41 'Progress and Development: J. S. Mill and "Knowledge"'

which (were) central to household consumption, neither their production nor exchange is non-capitalist.²³

Although the colonial administration erected barriers against what might now be construed as the operation of 'free' markets, this was not done to overthrow or sustain a revolt against 'the external authority of development [which continued: SM] to be capital'.²⁴ While particular capitals, including those engaged in largeholding agriculture and trade, were restricted another distinct relation of capital to labour was constructed. The colonial administration's application of the idea of development secured a form of capital's authority which sustained accumulation in the specific conditions of colonial PNG.²⁵

Thirdly, if the idea of development was originally a response to the 'negative' aspects of early industrialisation and prolonged warfare in post-Napoleonic Europe, by the twentieth century at least there was no need for unemployment and disorder to appear before officials recognised the necessity for intentional development to prevent these from arising. Colonial officials acting in and for PNG intended to give development a particular content to avoid undesirable phenomena from arising in the colony *as well as* in response to particular conditions. The belief that industrialisation would have negative consequences for village life, leading to the destruction of community, reflected earlier

23. H. Thompson and S. MacWilliam *The Political Economy of Papua New Guinea* Manila and Wollongong: Journal of Contemporary Asia Press, 1992, p.7. Without pursuing the argument in detail here, it should be apparent from what has been said already that the description of household production employed here does not conform to the terms of what is often described as non-capitalist petty or simple commodity production. For some of the relevant literature, see the subject index entry 'Simple Commodity Production' *The Journal of Peasant Studies* Index 1994, p.130; Colin Leys 'The state and the crisis of simple commodity production in Africa' *IDS Bulletin* v.18, no.3, 1987, pp.45-48. See my previous consideration of this description and the related 'articulation of modes of production' proposition extended to PNG smallholder agriculture by Mike Donaldson and Ken Good *Articulated Agricultural Development: Traditional and Capitalist Agricultures in Papua New Guinea* Avebury, Aldershot: Gower, 1998, in 'Smallholdings, Land Law and the Politics of Land Tenure in Papua New Guinea' *The Journal of Peasant Studies* V.16, No. 1, October, 1988, pp. 77-109; MacWilliam 'Smallholder Production, the State and Land Tenure' in Peter Larmour (ed.) *Customary Land Tenure: Registration and Decentralisation in Papua New Guinea* Boroko: IASER, 1992, pp. 9-32; Thompson and MacWilliam *The Political Economy of Papua New Guinea* esp. pp.4-8 and pp.120-155, Ch.4 'Household Production in the Countryside'.

24. *Doctrines of Development* p.xv.

25. Cf. Donald Denoon 'Capitalism in Papua New Guinea: Development or Underdevelopment' *Journal of Pacific History* v.XX, no.3, pp.119-134, esp. p.119 where Denoon proposes that late colonialism in PNG was 'without capital' and development was therefore absent. See for a further rebuttal of Denoon's argument, Wright 'A Liberal "Respect for Small Property": Paul Hasluck and the "Landless Proletariat" in the Territory of Papua and New Guinea, 1951-63' *Australian Historical Studies* v.33, no.119, April 2002, pp. 55-72

international experience.²⁶ In the circumstances of late colonial PNG, development thought and policy invariably had an anticipatory component. Anticipating the negative conditions as well as formulating a specific response to bring development when these did appear were both aspects of the modern idea of development.

Each of the three features of stage agency was present in the agrarian doctrine of development applied in late colonial PNG. The liberal objective of extending private property rights, that the rights to property expressed the authority of capital, and the intention to act in advance of whatever negatives of spontaneous development appeared, shaped colonial policy and practices that kept households attached to land in conditions of expanded commodity production and consumption.

Development, the State and Trusteeship

Spontaneous or immanent development arises from the action of individuals, including capitalists and workers, acting on their own behalf to accumulate capital or acquire consumption goods. However intentional development requires trustees and trusteeship to shape and implement development policies.²⁷ Because development is a combination of two processes, spontaneous and intentional, the existence of people shaping and exercising state power on behalf of others is an essential feature. Acting or purporting to act on behalf of others to bring development is the role of trustees, exercising trusteeship. A central component of effective developmental trusteeship is the capacity to exercise political or class power upon state power.²⁸

Trusteeship can be construed in formal legal terms, such as the conditions defined in the UN Charter through international negotiations, and in non-legal

26. Wright 'Contesting community'

27. Cowen and Shenton *Doctrines of Development* pp.25-27. Meier *Biography of a Subject* p.7 'focus(es) on development economists in their role as "trustees for the poor".'

28. The distinction between class power and state power which is important for this account was at the centre of what became known as the Miliband-Poulantzas debate. For the seminal works see: Ralph Miliband *The State in Capitalist Society* London: Weidenfeld and Nicolson, 1969, *Marxism and Politics* Oxford: Oxford University Press, 1977, *Class Power and State Power Political Essays* London: Verso, 1983, *Divided Societies: Class Struggle in Contemporary Capitalism* Oxford: OUP, 1991; Nicos Poulantzas *Political Power and Social Classes* London: New Left Books, 1973, *Classes In Contemporary Capitalism* London: New Left Books, 1975, *State, Power, Socialism* London: New Left Books, 1978

terms by people acting according to notions of duties, obligations and responsibilities for the welfare of others. For most of the late colonial period, formal international trusteeship provided the legal basis for Australian authority over PNG. Papua was initially a British colony, handed over to Australia in 1906. After World War II, New Guinea which previously had been a League of Nations Mandated Territory became a United Nations Trust Territory. However the difference between colony and trust territory was of little significance for the terms of colonial authority after World War II. When, in 1949, the two entities were joined in an administrative union, the importance of the distinction between colony and trust territory for trusteeship paled even further. The particular formulation of development framed and adopted by the Australian administration made no policy separation either. During the 1950s, in refusing to bestow further preference upon the most advanced areas of the union, 'uniform development' was particularly even-handed between colony and territory, and within each.

Some of the Australian officials who determined development policy for post-war PNG had been involved with the formulation of the terms of UN Trusteeship. Several, including the Labor Party Foreign Affairs Minister Dr H.V. Evatt and the Liberal Party Minister for Territories (Sir) Paul Hasluck, were active participants in the formation of the post-war international settlement, for which the United Nations and the trusteeship conditions defined in the UN Charter were central.²⁹ Subsequently Australian officials were constantly reminded of their legal position as trustees by visiting UN missions, examining compliance with what member states construed as trusteeship conditions.³⁰

However, as is shown in the thesis, the UN and its visiting missions were of secondary importance for policy. Of greater significance were the colonial officials, in Australia and PNG, who emphasised their role as trustees of development for the colony's people. While the responsibility of trustees for

29. William R. Louis *Imperialism at Bay: The United States and the Decolonization of the British Empire, 1941-1945* Oxford: Oxford University Press, 1997; MacWilliam 'Papua New Guinea in the 1940s: Empire and Legend' in David Lowe ed. *Australia and the End of Empires: the impact of decolonization in Asia and the South Pacific, 1945-1965* Geelong, Vic.: Deakin University Press, pp. 25-42; MacWilliam 'Liberalism and the End of Development'

30. W. Tomasetti *Australia and the United Nations: New Guinea Trusteeship Issues from 1946-1966* Bulletin No. 36 Canberra and Boroko: New Guinea Research Unit, ANU, July 1970

'native welfare' or 'native development' remained a guiding principle of colonial policy, changes occurred in what this meant as between 'uniform development' and its 1960s successor 'accelerated development'. The latter placed greater emphasis upon the force of spontaneous development. Official policy encouraged the development of capitalist enterprises without as much concern for their destructive effects, including the separation of households from land and the potential of unemployment.

In the late 1960s and early 1970s a further element was added into the mix of major influences upon state policy. During the passage to self-government and Independence, the formal terms of international trusteeship were being displaced by national sovereignty. PNG was in the process of becoming an independent nation-state, with membership of the UN. In this process, state power was being reformed. Indigenes were gaining a greater grip over this power through the institutions of liberal democratic representative government.

Trustees claim and have the capacity to act on behalf of others. During the last years of colonial rule, while indigenes who held political power could still claim to be acting for 'their people', the effectiveness of these claims was limited. Unlike the colonial officials who were largely barred from acquiring land and other property in the colony, no such barrier existed for indigenes who occupied state positions. Indeed, the reverse was more common. Many indigenes who held positions of authority were also members of the local capitalist class and allies in intermediate strata. These Papua New Guineans were straddling, between wage and salaried occupations and ownership of largeholdings and commercial enterprises. While straddling was essential as a means of overcoming barriers previously constructed by the colonial administration against their advance, their activities nevertheless ensured that any claims to act on behalf of others were contested. Smallholders and landless also reaching for the fruits of independence challenged their authority.

During the late 1960s and early 1970s, as the country and people passed from colony to nation-state there was considerable uncertainty in development thought and policy due in part to the increasing tussles over land and other property. Intentional development, which acted to maintain smallholder

attachment to land at higher levels of agricultural production and increased living standards, became a less important force driving state policy.

Thesis Outline

The thesis has six main chapters, an Introduction and Conclusion. Part I consists of four chapters which provide an account of how development as idea and policy was invented, shaped, adopted by Australian colonial officials and further adapted in the circumstances of late colonial, post-World War II Papua New Guinea. Part II includes a brief introductory statement on the practice of intentional development in PNG, and two case studies of crops, rice and cocoa, which were central to the scheme of smallholder production.

Chapter One discusses the early nineteenth century European origins of the idea of development, and changes which occurred internationally into the twentieth century. While initially British, German and then Australian colonial policy for Papua and New Guinea emphasised development's spontaneous character, by the late 1930s greater awareness of international changes in thought about development and the deleterious consequences of labour recruitment for Papua New Guineans had begun to influence Australian official thinking. During World War II Australian politicians and senior officials began to plan a new phase of development policy, described as 'positive Australianism', which emphasised the importance of intentional development.

Chapter Two shows how, despite what was intended, initial post-war circumstances in Australia and PNG acted to limit what could be done to bring development. Although colonial development thought identified the primacy of smallholder agriculture as the principal means of economic growth and securing households upon smallholdings, village life, as its central components, little by way of detailed policy had been formulated for attaining either. Instead, with international demand for agricultural produce in excess of supply, the force of spontaneous development from plantations owned by international firms and expatriate owner-occupiers, as well as indigenous growers, continually challenged official efforts to shape a new policy. The result was a phase of considerable uncertainty.

The 1950s, examined in Chapter Three, became the high-water mark of intentional development for late colonial PNG. Under a determined and interventionist Australian Minister for Territories, Paul Hasluck, policy-making was centralised and given a specific direction described as uniform or even development. Uniform development was so successful that in order to maintain the objective of continuing increases in production, by mid-decade there was growing pressure for further expansion of smallholdings, including through making available unoccupied land for landless households. Australian officials, from the Minister down were forced to search for means of increasing the colonial administration's capacity to drive further expansion.

The final chapter in the first section of the thesis shows how the search included eliciting advice from the World Bank, which in turn made possible a shift away from uniform development. The 1960s became the decade of accelerated development, during which the relationship between spontaneous and intentional development shifted once more toward the former. However the association of rapid growth with indigenous representative politics and increased anti-colonial nationalism resulted in opposition to accelerated development. As self-government and independence approached, this opposition focused upon redistribution of assets previously owned by expatriates. The result was a tussle about the meaning of development itself and conflict over how much priority should be given by a national government to the competing claims of indigenous capital and smallholders, particularly over land.

In order to provide more detail about development policy and practice, Part II of the thesis contains two case studies of crops which were central components of the scheme of smallholder production. Through the detailed examination of rice and cocoa production, it is shown how different crops had distinct trajectories. As Chapter Five describes, despite the considerable attention given to dry, upland rice growing by households, there were only minor increases in output within the colony. Instead the availability of greater quantities of irrigated wet rice on international markets, including from Australia, made it possible for this crop to form a major part of Papua New Guineans' diets. Instead of self-sufficiency in rice production, as was intended by colonial officials for more than

decade after World War II, imported rice became part of the diets of indigenous households and was important for improving the population's health.

Cocoa, by comparison, was not grown for domestic consumption but, along with copra and coffee, formed the basis of considerably increased agricultural exports. Unlike rice, where imports rather than domestic production were important for rural households, growing cocoa fastened households to the land, as was intended under the agrarian doctrine of development. However as Chapter Six also shows what appeared to be an important successful outcome of intentional development, expansion of smallholder production of cocoa, also provided more space for the spontaneous process of capitalist development. The success of colonial development policy in expanding household production of cocoa sharpened the existing conflict between largeholdings and small, particularly in East New Britain where land shortages were already acute.

The Conclusion considers the importance of the thesis for any evaluation of late colonial PNG. In particular it takes up the arguments either that development did not occur or if it did this was despite what was intended by Australian colonial policy and practices. The thesis concludes that there has been insufficient recognition of the extent to which Australian colonial policy was driven by a particular idea of development and that this idea was a major influence upon colonial policy. This policy played an important part in increasing agricultural output by smallholders and raising living standards, while securing a particular form of the authority of capital. The problem of understanding late colonial development in PNG, if indeed there is one, therefore lies with the idea of development itself and its relationship to capitalist accumulation.

PART I

The Idea and Policy of Late Colonial Development

Chapter One

The Australian Adoption of Colonial Development

Introduction

The idea of development which became so important for late colonial PNG had a lineage extending back at least to early nineteenth century Europe. The first part of this chapter outlines the most important elements of the idea of development and its evolution before becoming influential for PNG. This initial account draws extensively from the detailed description provided by Michael Cowen and Robert Shenton and referred to in the Introduction.¹

From the late nineteenth century the idea of development had begun to affect policy in Australia, Papua and New Guinea. The second section of the chapter shows how, from the late nineteenth century until the outbreak of World War II, Australian colonial policy was informed by an idea of development which emphasised the importance of immanent, spontaneous development led by private firms and expatriate planters. With this continuing emphasis, Australian policy toward PNG lagged behind changes that had begun to occur in British and French colonies, where intentional development was becoming more important.

In response to the economic and political turmoil of the 1930s and early 1940s, thought about – as distinct from official policy towards – colonial development in PNG began to change, catching up with international shifts. Part three describes the nature of the shift in official Australian thinking from the 1930s. During World War II, when the description 'positive Australianism' was first coined, the changes – particularly regarding trusteeship – helped shape international thought about post-war reconstruction and development.

During and immediately after World War II, the official Australian idea of what development policy would constitute for PNG and the indigenous population was sharpened. Part four of the chapter describes the outcome and process which was central to further defining and implementing 'positive Australianism'. Deliberate

1. Cowen and Shenton *Doctrines of Development* Ch.1 'The Invention of Development'

steps were taken to ensure that development would not resume along pre-war lines. The Australian reformulation was largely settled even when the immediate capacity of the post-war administration to advance the development objectives was limited.

The Modern Idea and Doctrines of Development

Invention and Design

Development refers to both an idea about how change should occur, and to a process by which change could be made to happen in a desired, positive direction. The onset and advance of industrial capitalism in Western Europe produced enthusiasts about the changes, including Adam Smith,² as well as critics. The latter came from a range of political-ideological positions. For an English radical conservative, William Cobbett,³ the ruin of his beloved rural countryside went hand in hand with the displacement and impoverishment of yeoman farmers and agricultural workers.

However for present purposes by far the most significant objection to the process which for Smith was immanent, spontaneous and the basis of progress came at the end of the eighteenth and beginning of the nineteenth centuries from a group of French intellectuals who would be known by the name of their leading figure, Henri de Saint-Simon. The Saint-Simonians, including Auguste Comte:

posed the same problems that had inspired Adam Smith: the creation of order in a society undergoing radical transformation and the nature of that transformation itself. The answers they provided were, however, markedly different.⁴

In early nineteenth century Europe, specific undesirable or negatives of growth and progress were especially prominent. The unemployment and disorder of post-Napoleonic Europe prompted the initial formulation of the modern idea of development in response to these conditions.

2. *The Wealth of Nations* Harmondsworth: Penguin, 1978

3. See the discussion of Cobbett's importance for the formation of class consciousness in early industrial England in E.P. Thompson *The Making of the English Working Class* Harmondsworth: Penguin, 1978, pp.820-837. I have previously documented the empathy felt by Australian Territories Minister Paul Hasluck (1951-1963) for Cobbett's objections to the effects of industrialisation. See MacWilliam 'Liberalism and the End of Development'.

4. *Doctrines*, p.22

That is, development was formulated to express the need and the basis for framing a solution to that which appeared desirable as well as undesirable. Because unemployment and disorder were seen to arise as necessary, objective features of spontaneous development, which also brought the increases in productivity and welfare that were seen as progress, any response had to counter the former while retaining the advances. A positive, intended response could provide a means to overcome that which was negative without rejecting spontaneous development's benefits. Accordingly development as an idea had two components, spontaneous development and intentional development.

While the Saint-Simonians were not alone in their diagnosis of capitalism's ills, they were, in Cowen and Shenton's words, important because of the extent to which they 'attempted to impose constructive order upon what they took to be industrial disorder of the present'.⁵

By rejecting metaphysics, and emphasising the connection between empirical methods for understanding the past and the capacity to predict the future, the Saint-Simonians formulated the positivist basis of the idea of development. As Cowen and Shenton conclude:

The positive is nowadays distinguished from the normative rather than the negative, but it was the desire to avoid what was destructive about change that fired the attempt to create a system of positive thought. A gap between the positive science of how to evaluate a past and a normative intention to manage was to be filled by the idea of development.⁶

Two features of this history of the idea of development need to be emphasised here and placed in the circumstances of colonial PNG. Firstly, at its invention development did not represent an objection to the positive or desirable consequences of growth, including improved living standards. Development was not framed to supplant that which Smith and others regarded as an essential feature of industrial advance, its spontaneous or immanent character. Secondly,

5. *Doctrines*, pp.24-25.

6. *Doctrines*, p.27

the purpose of intentional development was to make productive that which had become unproductive or under-utilised because of growth's negative consequences, including unemployment and disorder.

As a consequence of the earlier experience elsewhere and the influence of the idea of development, Australian officials emphasised the importance of anticipating the possible negative consequences of industrial capitalism, particularly in the forms of plantation agriculture and mining.⁷ However their thought also retained an emphasis upon the perceived benefits of spontaneous development, increased productivity and raised living standards. While development policy, including for PNG, was framed in anticipation of the possibility, even certainty that if left unchecked the spontaneous process of industrial capitalism would result in unemployment, policy also placed a major emphasis upon encouraging further growth. Thus while there was continuing concern that industrialisation would lead to unemployment and the destruction of 'village life', which was idealised as the local form of classless community, there was also a policy emphasis upon encouraging productivity increases through other, mainly smallholding agricultural, forms of production.

As a reforming idea constructed during industrial capitalism's rise, development accepted, indeed was even framed to secure 'the external authority of capital'.⁸ In the PNG case, capitalism as incessant accumulation and persistent competition between capitals was always present. Development policy accepted the logic of capital accumulation, while encouraging a specific form of production, smallholder agriculture.⁹ The power of capitalism's focus upon accumulation ensured that the possibility of intentional development being effected to counter the negatives of spontaneous development, including the tendency to create unemployment, was always uncertain.

7. See also Wright *State Practice and Rural Smallholder Production*; Wright 'Contesting community'

8. Cowen and Shenton *Doctrines* p. xv. This acceptance was of course the basis of Marx' and Engels' criticism of the Saint-Simonians as utopian socialists.

9. See below for the case studies of rice and cocoa production by smallholders, which provide the detailed examination of how colonial development intent was continually affected by, subject to international and domestic markets, in particular, and capitalism's 'growth obsession' to employ Elmar Altvater's description, in general. See 'The Growth Obsession' in Leo Panitch and Colin Leys eds. *A World of Contradictions Socialist Register 2002* London: Merlin, 2001, pp.73-92.

However, the process of accumulation is itself always conditional since it is driven by the struggle between capital and labour to raise the rate of surplus value,¹⁰ and the competition between capitals over the appropriation of shares of that surplus.¹¹ Even in the absence of generalised, substantial threats to accumulation, including depressions and wars, the continuous pressure on capitals to accumulate also generate conditions, including unemployment, which may justify the pursuit of intentional development.

That is, the process of immanent, spontaneous development may set off a political reaction either favouring or against constructive development. If the latter reaction occurs, then non-development, spontaneous development unmodified by intentional development prevails. One such occasion, when non-development was dominant, was of considerable importance for the twentieth century shaping of development as idea and doctrine. But before exploring this moment, two other central features of the modern idea of development need to be outlined.

Firstly, how are development policies formulated and by whom? Secondly, once intentional development has been designed, how is it implemented? Trustees are an important element in the answer to both questions. Instead of individual capitalists, driven solely by the imperative of accumulation, intentional development necessitates trusteeship exercised by holders of political power. To make development happen such trustees must be able to bring state power to bear in accordance with a vision of what is required to deal with the negatives consequences of the spontaneous process of development.

10. Karl Marx *Capital* V.1 Harmondsworth: Penguin, 1976

11. Marx *Capital* V.2 Harmondsworth: Penguin, 1978; Dick Bryan 'Monopoly in Marxist method' *Capital and Class* No.26 Summer 1985, pp. 72-92 makes the point (p.72) that 'monopoly is to be regarded as a form of competition rather than its antithesis'. Geoffrey Kay *Development and Underdevelopment: A Marxist Analysis* London: Macmillan, 1976, provides the seminal account of the effect of the tussle between industrial and merchant capital for the process of development and under-development.

The existence of the intent to develop and powerful trustees are the necessary conditions to the construction of a doctrine of development, a systematic form of intentional development. As Cowen and Shenton explain:

An intention to develop becomes a doctrine of development when it is attached, or when it is pleaded that it be attached, to the agency of the state to become an expression of state policy.¹²

The two most substantial forms which a doctrine of development has taken thus far are agrarian and manufacturing.¹³

After development's initial formulation in early nineteenth century Europe, the idea of development travelled back and forth between metropolitan countries and their colonies, linking conditions in each to the other.¹⁴ Unemployment in industrial Britain, as during the last decades of the nineteenth century, could be resolved through the expansion of markets in the colonies for British manufactured goods. For some influential officials, including British Colonial Secretary Joseph Chamberlain (1896-1903), state-sponsored development of agriculture and manufacturing at home also meant constructive development of colonies. Rural unemployment and urban impoverishment as well as fears about Britain's long-term decline as an industrial power, prompted rethinking about colonies as outlets for investment and as markets.¹⁵ As this thesis shows, during the twentieth century development as an idea continued to be reshaped by the intersection of concerns in industrial metropolitan countries and primarily agrarian colonies.

12. *Doctrines* p.viii

13. *Doctrines* Parts Two and Three, Chapters 4-7.

14. For nineteenth century liberalism, as well as the Australian idea of development in PNG (see below), John Stuart Mill is a seminal figure in linking colonial practice with metropolitan government, as well as for making development acceptable as a ruling idea. See Cowen and Shenton *Doctrines* pp.42-49. The shift from the position of Adam Smith, Jeremy Bentham, and Edmund Burke, opponents of imperialism, towards support for developmental imperialism by nineteenth century liberals, including both James and JS Mill, is neatly charted by Jennifer Pitts in her *A Turn to Empire: The Rise of Imperial Liberalism in Britain and France* Princeton and Oxford: Princeton University Press, 2005, esp. Chapters 1-5, pp.1-162, with an earlier counter-point provided by Sankar Muthu *Enlightenment Against Empire* Princeton and Oxford: Princeton University Press, 2003.

15. *Doctrines* p.274

For this account, the international shaping of development as an agrarian doctrine is of critical significance. The next section outlines the process by which this occurred.

Fabian Development and Agrarian Priority

Subsequent to the 1906 electoral defeat of the British government in which Chamberlain was Colonial Secretary and lasting into the inter-war years and the Great Depression, successive British governments refused or failed to apply Chamberlain's project of imperial development.¹⁶ However, during this period circumstances including war and economic turmoil also began to change in favour of a new phase of developmental intent, which had a strong Fabian influence.¹⁷ During the late nineteenth and early twentieth century, Fabians had focussed upon Britain as their field for development. However during the inter-war years Fabians extended their interests beyond the metropolitan terrain to a concern for colonial development.¹⁸ That extension influenced Australians formulating late colonial development policy in PNG. An especially clear expression of the shift in development thought, from concern with metropolitan to colonial conditions, occurred in relation to Africa, and particularly Kenya.

16. Cf. Anne Phillips *The Enigma of Colonialism: British Policy in West Africa* London: James Currey, 1989; M.P. Cowen and R.W. Shenton, R.W. 'The Origin and Course of Fabian Colonialism in British West Africa' *Journal of Historical Sociology* V.4, No.2, June 1991, pp.143-174, 'Bankers, Peasants and Land in British West Africa 1905-37' *The Journal of Peasant Studies*, V.19, No.1, October 1991, pp.26-58, 'British Neo-Hegelian Idealism and Official Colonial Practice in Africa: the Oluwa Land Case of 1921' *The Journal of Imperial and Commonwealth History* V.22, No.2, May 1994, pp.217-250. The parallels with the dominance of spontaneous development and the weakness of developmental intent in colonial policy during the late nineteenth century and into the inter-war years in Papua and New Guinea are striking, as indicated below.

17. The literature on the Fabians and Fabianism is, of course, extensive. For present purposes, especially to show the importance of the distinction between intent and the capacity to shape state development policy, it is sufficient to employ the brief description of Fabianism's principal objective, as envisaged by founding figures Sidney and Beatrice Webb, which is provided by Victoria Glendinning in her *Leonard Woolf: A Life* London: Pocket Books, 2007, p.170: 'The purpose of Fabianism was to infiltrate democratic socialist ideas into the thinking of the political and governing classes...' For the influence of a post-war Fabian on thinking about development, see Tignor W. Arthur Lewis.

18. See, in particular, by Cowen and Shenton: *The Roots of Trusteeship: The Moral Basis of Fabian Colonialism ; Development and Agrarian Bias Part 1: The Original Theory of Development; Development and Agrarian Bias Part 2: Agrarian Bias ; Development and Agrarian Bias Part 3: Land Nationalisation* Working Papers 18-21, 1992, Department of Economics, Faculty of Business, City of London Polytechnic, as well as *Doctrines*.

After World War I, the growing conflict over land and labour between indigenous Africans, European settlers and Asians (Indians) with aspirations to extend beyond commerce into large-holding agriculture in Kenya forced the British Government to explicitly spell out the basis of its colonial policy. A 1923 White Paper set out the central principle, declaring that British policy for land and labour should follow a direction expressed by the phrase 'the paramountcy of native interests'.¹⁹ The White Paper concluded that both Europeans and Asians were only to be allowed to advance to the extent that 'native interests' were not damaged. This effectively blocked Asian capital from moving into largeholding agriculture and restrained further European settler expansion. Although it took a further thirty years to change the pronouncement of policy intent from an essentially negative injunction into a positive direction promoting African smallholder agriculture, the White Paper was nevertheless important for Kenya, and became so for Papua New Guinea.

In 1925, at the British Labour Party's twenty-fifth annual conference, for the first time a major debate was conducted on colonial policy. This debate marked an important step for Fabians trying to influence the holders of state power. The outcome, 'to socialise' rather than 'to smash' the British Empire, 'was a Fabian imprint on Labour policy...[a] policy [which was] nothing other than trusteeship'.²⁰ Garnished with the claim that it was socialist, this new trusteeship aimed to provide a moral basis for colonialism, and colonial development. To distinguish this trusteeship from earlier forms, leading Fabians identified a third British Empire distinct from the two previous 'old' empires, of the white colonies, India and the Caribbean. According to Sidney Olivier, leading Fabian, member of the Labour Party and Secretary of State for India, the third Empire:

19. The White Paper has become known popularly as the Devonshire Declaration after the British noble who lead a mission to examine conditions in Kenya and provide direction for policy-makers. As far as I am able to ascertain, the phrase first appeared as a statement of official British policy in the 1923 White Paper, and may well have been coined by J.H. Oldham, secretary of the International Missionary Council. See Rosberg, C.G. Jr and Nottingham, J. *The Myth of 'Mau Mau: Nationalism in Kenya* Nairobi: East African Publishing House, 1966, pp.68-69. I have previously indicated that the expression 'paramountcy of native interests' travelled widely in the twentieth century, including into Australian colonial policy for Papua New Guinea. See MacWilliam 'Papua New Guinea in the 1940s: Empire and Legend' in David Lowe (ed.) *Australia and the End of Empires: the impact of decolonization in Asia and the South Pacific, 1945-1965* Geelong, Vic.: Deakin University Press, pp. 25-42' esp.p.37. The Australian adoption is discussed in more detail below.

20. *The Roots of Trusteeship*, p.1

was created according to two motives: Firstly, to secure on economic grounds, sources of materials and minerals which would have been appropriated by other powers: Secondly, to protect Africans “from destruction and exploitation”.²¹

This reformulated focus for trusteeship, which justified the retention of colonies, also brought the matter of land ownership and distribution in the metropole and the overseas territories to the fore. Colonial trusteeship, in the hands of a British Labour Party guided by Fabian precepts, made it possible to imagine a political alliance of working people extending from the industrial working class of Britain to the peasants of the colonies. The alliance, its advocates intended, would be united against oppression and exploitation by capitalism which was considered to be the major barrier to development. Most importantly, colonial trusteeship was informed by an opposition to the further extension of wage labour and capitalist exploitation. Indigenous land rights were to be protected and secured as the basis for colonial development. At the same time, by securing peasants upon land in the colonies, it would not be possible for *one set of workers* to be used as a source of cheap labour to undercut the wages and conditions of *other workers* in the industrialised metropolitan countries, including Britain. Thus Fabian colonialism provided a moral basis for imperial and colonial development.²²

Fabian colonialism also implanted a very strong agrarian orientation at the centre of schemes for metropolitan and colonial development. The origins of the orientation and the implications for government policy regarding Britain itself are not important for this thesis.²³ However rural colonisation became an element of development which extended beyond planning to deal with unemployment in Britain, into colonial schemes for settling households that neither employed nor sold their labour upon smallholdings to deal with disorder, even the threat of

21. *The Roots of Trusteeship*, p.3

22. For a wider emphasis on the morality of empire and colonial rule in post-World War I international political arrangements, see Jeanne Morefield *Covenants without Swords: Idealist Liberalism and the Spirit of Empire* Princeton: Princeton University Press, 2005. Morefield's study is of special importance for PNG. One of the two principal figures in her account of inter-war British liberal reformism is Gilbert Murray, brother of Hubert Murray, Lieutenant-Governor of Papua from 1908 to 1940. The latter maintained a steady, mutually supportive, correspondence with his brother during the years Gilbert was a British academic and international activist. See Francis West ed. *Selected Letters of Hubert Murray* Melbourne: Oxford University Press, 1970

23. The origins and British application are, however, treated extensively in Cowen and Shenton *Development and Agrarian Bias Parts 1 and 2*

revolution. This emphasis upon smallholder agriculture for agrarian development doctrine became especially significant subsequently.

By the late 1930s, British officials recognised the need for a revitalisation of their African colonies. In Nigeria, the failure of the colonial policy of non-development was acknowledged by no less important a colonial official than Governor Bernard Bourdillon, who urged an end to the 'exploitation theory' of colonialism and its replacement by 'the development theory'.²⁴ Thus the connection which Chamberlain previously had drawn between conditions in the metropolitan centre and those applying at the colonial periphery re-appeared in the idea of development embraced by Fabians and non-Fabians alike. The economic and political crisis of the 1930s also gave considerable impetus to further modifications of the idea of development, including in its application to Britain's colonies. One consequence of this impetus was the passage of the Colonial Development and Welfare Acts of 1939 and 1945, even though these had 'an overwhelmingly welfarist [rather than developmental: SM] agenda'.²⁵

When the Labour Party came to power in 1945, followed by the sterling crisis of 1947, another British Government attempted to couple national interest with colonial development, along the lines proposed by Chamberlain at the turn of the century. On this occasion, anti-Marxist Fabians acting in the name of socialism and through the Labour government resuscitated development doctrine.²⁶ But, according to Cowen and Shenton:

24. *Doctrines*, pp.294-295

25. *Doctrines*, p.296. A shift from welfare, including state-sponsored means to deal with diseases, to development, making productive what had been rendered unproductive during the military conflict, awaited the end of the military conflict for British colonial policy, as it did for Australian colonial policy towards PNG.

26. Colin Leys 'Socialism and the Colonies: Review' *Fabian Journal* No.28, July 1959, pp.20-24, which is a review of Arthur Creech Jones ed. *New Fabian Colonial Essays* London: Hogarth Press, 1959. See in particular Creech Jones' essay 'The Labour Party and Colonial Policy 1945-51' pp.19-37. Between 1945 and 1950 Creech Jones, founder of the Fabian Colonial Research Bureau, was British secretary of state for colonies. I have previously noted how in December 1942 Paul Hasluck, as an adviser to the Australian Minister for External Affairs Dr H.V.Evatt, developed a close association with Creech Jones while attending the eighth Institute of Pacific Relations conference held at Mont Tremblant, Quebec. According to Hasluck, Creech Jones, then a Labour MP and parliamentary secretary to Ernest Bevin, seemed 'to be one member of the British delegation who was not living in the past...I found a lot in common with Creech Jones'. MacWilliam 'Papua New Guinea in the 1940s' p.33. See also Tignor *W.Arthur Lewis*.

This was a late-imperial doctrine to maximise production in African colonies to meet British national material need. The intention to develop schemes for the large-scale production of primary products – from eggs in Gambia to groundnuts in Tanganyika – was guided by a national need to swiftly expand exports to Britain and to save the need to spend dollars on imports of food and other immediate needs.²⁷

The exceptional character and brevity of this moment needs to be emphasized.

This was the 'only occasion on which there was concerted British state effort to make colonial populations do the work of generally maintaining subsistence, and therefore productive capacity, in Britain itself'.²⁸ In other words, there was no consistent imperial practice that sought to tie the production of colonial peoples into development in and of Britain. As will be shown later, this conclusion is only slightly less appropriate for Australian rule in PNG. The account now turns to the chapter's second theme, thought about development and its effect on policy in the earliest phase of Australian colonial rule over Papua and New Guinea.

Development in Early Colonial Papua and New Guinea

An important proposition of this thesis is that the late colonial idea of development which informed Australian policy for Papua New Guinea represented a major break with pre-World War II thought about the colony. Understanding the extent and significance of the shift is facilitated by an outline of the earlier, displaced idea of development which initially influenced colonial officials and policy.

Development in the spontaneous sense was 'a word much used in the discussions about Papua in the first decade of [the twentieth: SM] century'. Further, the term contained little ambiguity, resting as it did 'upon two assumptions common to the men of that day and generation'. The assumptions were the right of private European entrepreneurs to accumulate and the potential of Papua as a 'profitable (colonial) possession'. The role of government was to realise the potential by

27. *Doctrines*, p.296. As is shown in Chapter 2, the late 1940s and early 1950s was also when Australian officials considered linking expanded production of agricultural crops in PNG to Australian domestic needs, for consumption and exports, and to British imperial objectives of constructing a sterling bloc of countries to defend Britain against the US' ascendancy.

28. *Doctrines*, p.297

making the colony 'attractive to white settlers and entrepreneurs exercising their undoubted rights'.²⁹

Similarly, as Stewart Firth has noted regarding German New Guinea, the drive to extend trade and establish agricultural largeholdings, whether company or individually-owned, dominated in the north-east mainland and islands territory.³⁰ Albert Hahl, in charge of the German Protectorate of the New Guinea Company from 1896 until 1898, subsequently acting governor, then governor of German New Guinea until 1914 'had no doubts about the aim of German colonisation. It was to open up the country to European planters and traders'.³¹ Indeed, according to Firth, '(w)ith the exception of the Dutch, the European powers in Melanesia before 1914 all wanted their possessions to become plantation colonies'.³²

West locates the place of the indigenous population in the schema, in terms which could also be applied to New Guinea:

There were, of course, obligations to native races involved in development, but in 1906 in Papua they could be stressed more lightly because the duty of the government to Europeans had scarcely begun to be discharged. The first and most urgent task, which Hubert Murray fully accepted, was to ensure that development took place.³³

Drawing in part upon experiences in other colonies, the authorities recognised that spontaneous development posed a threat to the indigenous population.³⁴ In the

29. The quotations in this paragraph are from Francis West *Hubert Murray The Australian Pro-Consul* Melbourne: Melbourne University Press, 1968, p.122. That plantations at least in Papua turned out to be generally unsuccessful does not make any less relevant this understanding of development: see D.C. Lewis *The Plantation Dream: Developing British New Guinea and Papua 1884-1942* Canberra: The Journal of Pacific History, ANU, 1996

30. 'The New Guinea Company, 1885-1899: A Case of Unprofitable Imperialism'. *Historical Studies* v.XV, 1972, pp. 361-377

31. 'Albert Hahl: Governor of German New Guinea' in James Griffin ed. *Papua New Guinea Portraits. The Expatriate Experience* Canberra: ANU Press, 1978, p.30

32. Stewart Firth *New Guinea under the Germans* Melbourne: Melbourne University Press, 1982, p.66

33. West *Hubert Murray*, p.122.

34. James Griffin, Hank Nelson and Stewart Firth *Papua New Guinea: A Political History* Richmond, Victoria: Heinemann, 1979, p.8, notes how Commodore James E Erskine, the British official who presided over the ceremony at which the Papua Protectorate was proclaimed, sought to protect the indigenous population. The biographer of the first Administrator of the Protectorate Sir William MacGregor, Roger Joyce, also indicates how the official's previous experience in Fiji affected his initial policy to support this direction. The failure of 'his plans to make the Papuans independent

Preface to his autobiographical *Gouverneursjahre*, first published in 1937, more than twenty years after he left German New Guinea, Hahl stressed that:

In New Guinea, the native problem was and still is of first importance. The clash of two cultures, ours and that of stone-age man, inevitably led to dislocation and friction. It was imperative to avert these, and appropriate means had to be found, on the success of which hinged both the expansion of economic penetration and the cultural development of this island domain.³⁵

The tension between profit 'forc(ing) the pace', to use Bill Gammage's explanation for the Hagen-Sepik Patrol of the late 1930s into the New Guinea highlands and north coast,³⁶ and finding a means of averting 'dislocation and friction', continued to underpin much that happened during the inter-war years in each colony. Murray's pre-World War I recognition that demands from European plantation owners for workers threatened to turn the indigenous population into a landless proletariat was significant. In Papua, finding positive means to safeguard the position of the indigenous population took modest steps,³⁷ including Murray's largely unsuccessful drive to establish 'native largeholdings'.³⁸ However from the 1920s in New Guinea,

producers' saw MacGregor turn to encouraging European enterprises, which Murray in turn initially maintained as a policy direction. See R.B. Joyce *Sir William MacGregor* Melbourne: Oxford University Press, 1971, p.205.

35. Albert Hall *Governor in New Guinea* Edited and translated by Peter G. Sack and Dymphna Clark Canberra: ANU Press, 1980, p.xxii.

36. *The Sky Travellers. Journeys in New Guinea 1938-39* Carlton South, Victoria: The Miegunyah Press and Melbourne University Press, p.17

37. Griffin, Nelson, and Firth *Papua New Guinea* Chapter 3. For an account of labour policy across the entire period of Australian colonial rule which differs fundamentally from the argument produced here, see Charles Rowley *The New Guinea Villager: A Retrospect from 1964* Melbourne, Canberra, Sydney: F.W.Cheshire, 1968. Rowley's general assessment (p.90) is: 'Even where there was little concern for native rights, or with justice, a minimum of protection was necessary, to maintain the value of the colonial asset. Thus the recruitment of labour, and the return of those who completed their contract terms safely to their villages, had to be controlled, to preserve the willingness to go out to work, which is an economic asset of the first importance.' The accuracy or otherwise of this influential depiction of late colonial policy, is examined in more detail below. See also Wright 'Contesting Community' and Wright 'A Liberal "Respect for Small Property"

38. Cf. L. Lett *Sir Hubert Murray of Papua* London and Sydney: Collins, 1949, pp.184-185, esp. p.188, with West *Hubert Murray* p.132. West notes (p.213), of Murray's post-World War I policy for Papua: 'Murray's own definition of his policy...his own assessment of its distinctiveness, lay in native taxation, native plantations and the creation of native councilors to ensure that these measures became appreciated by villagers as in their own best interests. None of these aspects of policy was unique in itself, but Murray believed that in combination they were, and especially that they were in actual colonial practice, as distinct from politics for show.' For a specific consideration of Murray's emphasis on native plantations, see R.G.Crocombe *Communal cash cropping among the Orokaiva* Bulletin No.4 Canberra and Port Moresby: New Guinea Research Unit, ANU, May 1964, pp.4-20

the Australian administration had little trouble 'put(ting) business first',³⁹ with a substantial increase in the number of indigenous labourers recruited for work on plantations and in gold-mines.⁴⁰ Despite Administration efforts in both territories to limit the worst effects of wage employment on the indigenous population, West argues that:

(t)he demand for labour always pressed heavily on the sources of supply, and a high proportion of labour was drawn from the relatively backward or recently opened up areas of the country, like the Sepik river district.⁴¹

In 1939, a commission was established by the colonial administration to investigate what was believed to be the growing shortages of labour to work land already alienated for largeholdings, but not yet developed. The investigations revealed that an increase in the total potential labour force from 60,000 to 85,000 would be required, without any known reserves available to meet the likely demand.⁴² Even without the deaths and other deleterious effects of the prolonged military conflict which was to come, existing production relations were under severe strain. War rendered the previous emphasis on spontaneous development untenable.

Inventing 'Positive Australianism'

The Metropolitan Australian Influences

During World War II, particular emphasis was given to redefining the basis of Australian colonial authority.⁴³ Senior Australian officials specifically rejected what they understood as the Japanese-formulated Greater East Asia Co-Prosperity

the Orokaiva Bulletin No.4 Canberra and Port Moresby: New Guinea Research Unit, ANU, May 1964, pp.4-20

39. Griffin, Nelson and Firth *Papua New Guinea* p.55; see also Charles D. Rowley *The Australians in German New Guinea 1914-1921* Melbourne: Melbourne University Press, 1958, esp. Part VII 'The Sacred Trust'

40. Hank Nelson *Black White & Gold: Goldmining in Papua New Guinea 1878-1930* Canberra: ANU Press, 1976

41. Francis J. West 'Indigenous Labour in Papua-New Guinea' *International Labour Review* V.77, No.2, 1958, p.91

42. West 'Indigenous Labour' p.91. West emphasises (p.95) that the shortages were particularly substantial in the Mandated Territory of New Guinea. Most largeholdings were located in this territory and considerable areas of alienated but not yet planted land were available.

43. Huntley Wright *State Practice and Rural Smallholder Production* pp.90-126, provides an extensive account of the war-time reshaping of trusteeship for Papua New Guinea. See also Wright 'Protecting the National Interest: The Labor Government and the Reform of Australia's Colonial Policy, 1942-45' *Labour History* No.82, May 2002, pp. 65-82; MacWilliam 'Papua New Guinea in the 1940s'.

Sphere model of development as undesirable because of its exploitative character.⁴⁴ The phrase which came to embody the principal thrust of Australian post-war policy toward Papua New Guinea was 'positive Australianism'. It was used publicly in early 1944 by the Minister for External Affairs Dr H. V. Evatt when castigating critics of the recently signed Australia - New Zealand Agreement.⁴⁵ The Agreement changed previous consultative arrangements between the two countries into a formal treaty, one of whose effects was to influence negotiations between major war-time allies over reforms to international trusteeship conditions.⁴⁶

The treaty contained a chapter entitled 'Welfare and Advancement of Native Peoples of the Pacific'. The Chapter specified that '...the main purpose of the trust is the welfare of the native peoples and their social, economic and political development'.⁴⁷ In order to bring this aim, or intention, to fruition colonial policy should cease to be negative, merely reducing the deleterious effects of existing colonial policy. Instead government policy and state agency should make development happen as a positive consequence of the reformed international trusteeship arrangements.

It has previously been pointed out that the Australian – New Zealand emphasis also was influenced by changes in international thinking about development which had commenced in the 1920s.⁴⁸ It is less often noted that conditions prior to the outbreak of the war in the metropolitan country were also important in changing how powerful and influential Australians envisaged the future *for Australia and for PNG* after WWII ended. The Depression deeply affected Australians who were to become central in defining what 'positive Australianism' meant, in particular its agrarian emphasis. The early 1930s crash in agricultural prices which drove

44. Wright 'Protecting the National Interest' pp.66-67

45. See Evatt *Foreign Policy of Australia: Speeches* Sydney: Angus and Robertson, 1945, pp.183-184.

46. On the context, see Louis *Imperialism at Bay* Chapter 18, pp.289-308. Louis stresses how important was the Agreement, and the Australian-New Zealand intervention in international discussions about post-war arrangements for the South Pacific.

47. Louis *Imperialism at Bay* p.290, citing from the original text of the Agreement.

48. Wright *State Practice and Rural Smallholder Production* Chapter 3; Wright 'Protecting the National Interest'; MacWilliam 'Papua New Guinea in the 1940s'

individual European largeholding owners off their plantations in PNG, leading to greater concentration of ownership in the hands of the large firms, especially Burns Philp and Carpenters,⁴⁹ had a parallel in Australia. Rural and urban unemployment reached nearly thirty per cent in 1931-32. '[G]reat pockets of poverty in the cities and in the countryside',⁵⁰ had a lasting effect and not only on those who were impoverished and unemployed. While some so affected became politicians and Ministers,⁵¹ others were employed as senior bureaucrats and advisers.⁵² In addition to the Fabian reformulation and advocacy of intentional development outlined above, the demand management economics of J.M.Keynes increasingly influenced these politicians, policy advisers and senior administrators.⁵³

49. For the advance during the 1930s of Burns Philp in particular, see Ken Buckley and Kris Klugman *"The Australian Presence in the Pacific": Burns Philp 1914-1946* Sydney: Allen and Unwin, 1983, Chapters 12-16, pp.213-325.

50. D.H.McKay 'Post-War Agriculture' in L.T.Evans and J.D.B.Miller eds.*Politics and Practice Essays in Honour of Sir John Crawford* Sydney: Australian National University Press and Pergamon Press, 1987, p.34

51. David Lee *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy* St.Leonards, NSW: Allen and Unwin, 1995,p.8 notes that: 'The circle of Australian Labor Party (ALP) ministers who made Australian foreign policy in the 1940s had come to the fore as critics of social injustice in the depressed conditions of the 1930s.'

52. Lee *Search for Security* p.9 lists among the 'gifted bureaucrats' who assisted these ALP ministers, John Burton, head of External Affairs and H.C. Coombs (on whom more below). William Coleman, Selwyn Cornish and Alf Haggard *Giblin's Platoon: The Trials and Triumph of the Economist in Australian Public Life* Canberra; ANU E Press, 2006 especially Chapter 9, note that in 1941 an Inter-Departmental Committee on Economic Relations was established in Canberra to work out the most appropriate response to US efforts to tie aid to the removal of barriers to US imports. This response involved supporting the US position on trade in return for a commitment to full employment, which was inserted as Article 55 of the United Nations Charter, despite US' objections. Coleman, Cornish and Haggard *Alf Giblin's Platoon* p.200 states: 'Giblin, strongly supported by (Leslie) Melville and Coombs, was responsible for formulating the "positive approach", or the "full employment approach" In the industrial countries full employment was principally for and of a landless proletariat: in PNG, positive Australianism meant full employment for and of households attached to smallholdings. Nevertheless, in either circumstance, state action to make productive that which had become unproductive through unemployment or underemployment was the premise of the 'positive approach'.

53. Heinz W.Arndt *A Course through Life: Memoirs of an Australian Economist* History of Development Studies 1 Canberra: National Centre for Development Studies, ANU, 1985, notes (p.27) how from 1952 there were regular meetings at the Commonwealth Bank in Sydney of a group of economists. On the background and views of those invited by Coombs, Arndt summarises (p.28): 'We were all in our thirties and early forties, we all shared the same interests and much the same Keynesian point of view-I doubt whether any of us were not Labor voters...'. On the nature of the shared Keynesianism of leading economists, see below, and Nicholas Brown "It's a Case of Using Any Stick to Beat a Dog": R.I.Downing, the Keynesian Revolution and Reconstruction' *History of Economics Review* No.30, Summer 1999, pp.90-107; Selwyn Cornish 'Sir Leslie Melville Keynesian or Pragmatist?' *History of Economics Review* No.30 Summer 1999, pp.126-150; Alex Millmow 'Revisiting Giblin: Australia's first Proto-Keynesian economist?' *History of Economics Review* No.31, 2000,pp.48-67; Millmow 'W. Brian Reddaway-Keynes' emissary to Australia 1913-2002' *Economic Record* V.79, No.244, pp.136-139; Coleman, Cornish and Haggard *Alf Giblin's Platoon*.

Two of them were Dr H.C.(Nugget) Coombs,⁵⁴ and (Sir) John (Jack) Crawford.⁵⁵ Coombs' part in shaping the role of governments in the conduct of war and reconstruction, especially under Labor governments wedded to placing security of employment at the centre of policy, is well known.⁵⁶ So too is the extension of this policy direction to PNG.⁵⁷

Crawford's significance for this account lies in the emphasis he placed upon post-depression agricultural reform, emphasising the need for positive state involvement, a need which also was transferred to his view on PNG's development.⁵⁸ The death of *laissez-faire* liberalism in Australia,⁵⁹ and the increasing emphasis in liberal thought upon the state's role in dealing with the economic crisis was especially important for Crawford, whose personal experience of the depression also reinforced 'broad sympathy with underdogs'.⁶⁰ During appointments as an economist with the Rural Bank of New South Wales (1935-1942), as Rural Advisor to the Commonwealth Department of War Organisation of Industry (1942-1943), and as Director of Research in the newly formed Department

54. See Tim Rowse 'Coombs the Keynesian' *History of Economics Review* No.30, Summer 1999, pp.108-125; Rowse *Nugget Coombs: A Reforming Life* Port Melbourne: Cambridge University Press, 2002; H.C.Coombs *Other People's Money* Canberra; ANU Press, 1971, esp.pp.75-93; Coombs *Trial Balance* South Melbourne: Macmillan, 1981; Coombs. *From Curtin to Keating: The 1945 and 1994 White Papers on Employment: A Better Environment for Human and Economic Diversity? A Discussion Paper* Darwin: Northern Australia Research Unit, 1994; MacWilliam 'Liberalism and the End of Development' and 'Papua New Guinea in the 1940s'

55. Evans and Miller eds. *Policy and Practice*; H.W.Arndt *Sir John Crawford* Pacific Economic Papers No.128 Canberra: Australia-Japan Research Centre, RSPAS, ANU, November 1985; Sir Richard Blackburn, Coombs, H.C. et.al. *Sir John Crawford* Canberra: ANU, 1986

56. Rowse *Nugget Coombs* pp.116-121.

57. Rowse *Nugget Coombs* pp.178-181 'Reconstructing Papua New Guinea' provides a brief summary of Coombs' war and immediate post-war role most relevant to this account.

58. In the late 1950s, Crawford also advised PNG coffee growers to press for a marketing board to strengthen their position when negotiating with exporters and overseas manufacturers: see MacWilliam 'Placing the Planters' forthcoming.

59. F.W.Eggleston *Reflections of an Australian Liberal* 2nd ed. Melbourne: F.W.Cheshire, 1953, Chapter 1, pp.2-5. Eggleston describes (p.5) 'The path [of a twentieth century liberal: SM] from *laissez-faire* to [British Liberal: SM] Lloyd George is a transition from a negative policy of destroying feudalism to a positive policy of social reconstruction through which the free creative activities of the citizen will be fully employed.'

60. Max Crawford 'My Brother Jack: Background and Early Years' in Evans and Miller eds. *Policy and Practice* p. 14.

of Post-war Reconstruction, headed by Coombs, Crawford drew upon this experience to influence development in Australia and PNG.⁶¹

While working in Post-War Reconstruction, Crawford commenced an association with the Rural Reconstruction Commission. The Commission played an important role in stressing the importance of maintaining 'family farms' in Australia,. A mid-1940s report included the statement that::

...farmers and their families constitute the basic units of the most natural form of society, and rural communities are among the most vital to the nation...The farmer has the right to a reasonable living.⁶²

Because farmers' incomes had been cut substantially during the depression, and increased agricultural production was required to meet war and post-war demand, Crawford and the Department of Post-War Reconstruction became heavily involved in devising means of raising prices and finding other ways for improving rural livelihoods. A self-declared 'interventionist', Crawford's principal significance was to place agricultural expansion and farmers' living standards at the centre of government considerations on international relations and the domestic economy. McKay notes the connection between government policy on full employment, as expressed in the 1945 White Paper on the subject, and rural policy.⁶³ Most importantly for Australia and, as will be shown below, for PNG, the connection meant an emphasis upon increasing agricultural exports for a 'hungry world - especially in the United Kingdom and Europe'.⁶⁴

Another key figure for late colonial development in PNG with close connections to Crawford and agricultural policy in Australia was C.R. Lambert, who was subsequently appointed by Coalition Minister Hasluck, as Secretary for the newly constructed Department of Territories, formerly External Territories. Like Crawford, Lambert had worked in the Rural Bank of New South Wales (1933-1948), and was Chairman of the Rural Reconstruction Commission (1943-46). Immediately prior to

61. McKay 'Post-War Agriculture' in Evans and Miller eds. *Policy and Practice* pp.36-37 stresses how Crawford continued to see post-war agriculture and its problems through the prism of pre-war conditions.

62. McKay 'Post-War Agriculture' p.35.

63. 'Post-War Agriculture' pp.37-38

64. McKay 'Post-War Agriculture' p.38

becoming Secretary for Territories, Lambert had been Commonwealth Director of Regional Development. With this background in designing and implementing state action to expand agriculture in Australia, it is unsurprising that Lambert and Hasluck forged a lengthy working relationship aimed at bringing agrarian development to PNG (see Chapter Three).

H. V. Evatt and British Colonial Influences

An especially important figure in the reformation of the idea of development, giving it a particularly Australian flavour, was Dr H. V. Evatt. In Evatt's case, championship of 'the underdog' extended domestically and overseas. This support was expressed for individuals facing injustice and small countries threatened by major powers' domination.⁶⁵ Evatt's role as Minister for External Affairs from 1941 onwards is of special significance for the international reshaping of trusteeship (see below). Evatt's knowledge of and sympathy for the welfare of people in countries other than Australia grew during the inter-war years, when he was an academic, lawyer and judge of the High Court of Australia. The most important dimension of Evatt's personal development for this account involves Kenya and the Devonshire Declaration.⁶⁶

65. This sense of sympathy was particularly evident in the belligerence of Minister for External Affairs Dr Evatt when dealing with British and US officials over the meaning and terms of trusteeship. Louis emphasises how Evatt 'championed the cause of the underdog', a stance which he stretched to include 'small powers' internationally as well as 'dependent peoples': *Imperialism at Bay* p.291. Contending accounts and assessments of Evatt and his various roles can be found in: K.Buckley, B. Dale, and W.Reynolds *Doc Evatt: Patriot, Internationalist, Fighter and Scholar* Melbourne: Longman Cheshire, 1994; Allan Dalziel *Evatt The Enigma* Melbourne: Lansdowne Press, 1967; P.G.Edwards *Prime Ministers and Diplomats: The Making of Australian Foreign Policy 1901-1949* Melbourne: Oxford University Press, 1983, pp.140-185; F.W.Eggleston *Reflections on Australian Foreign Policy* Melbourne: Cheshire, 1957; H.V.Evatt *Foreign Policy of Australia: Speeches* Sydney: Angus and Robertson, 1945; Evatt *Australia in World Affairs* Sydney and London: Angus and Robertson, 1946; W.J.Hudson *Australia and the Colonial Question at the United Nations* Sydney: Sydney University Press, 1970; Hudson *Australia and the New World Order: Evatt at San Francisco 1945* Canberra: ANU, 1993; Lee *Search for Security*; David Lee, and Christopher Watts eds. *Evatt to Evans The Labor Tradition in Australian Foreign Policy* St.Leonards, NSW: Allen and Unwin, 1997; Louis *Imperialism at Bay* especially Parts III-IV; W.Reynolds *H.V.Evatt: The imperial connection and the quest for Australian security, 1941-1945* Ph.D. Thesis, University of Newcastle, 1985; Reynolds 'Dr H.V.Evatt: Foreign Minister for a Small Power' in Day, D. ed. *Brave New World: Dr.H.V.Evatt and Australian Foreign Policy* St.Lucia: University of Queensland Press, 1996, pp.146-157; Kylie Tennant *Evatt Politics and Justice* Sydney: Angus and Robertson 1970; Alan Watt *The Evolution of Australian Foreign Policy 1938-1965* Cambridge: Cambridge University Press, 1968, pp.42-105.

66. Tennant *Evatt Politics and Justice*, an early laudatory account of Evatt's career, does not mention this formative phase. Wright *State Practice and Rural Smallholder Production* p.100 also notes the place of Kenya and the 1923 White Paper in Evatt's thinking about trusteeship. Wright

As Louis notes, Evatt was:

...the only one of the protagonists of the trusteeship controversy who had had as part of his background the authorship of a treatise on the [League of Nations] mandates in international law. ... [In the essay, Evatt located] the foundation of British trusteeship as the Kenya White Paper of 1923.⁶⁷

The argument appeared in a monograph Evatt prepared and published in 1935 while a judge of the High Court of Australia.⁶⁸ The central proposition that Evatt took from the White Paper on Kenya was that British governments exercised:

...a trust on behalf of the African population, and they are unable to delegate or share this trust, the object of which may be defined as the protection and advancement of the native races.⁶⁹

Evatt highlighted the above phrase from the White Paper and then extended trusteeship beyond British concerns. For Evatt, responsibility exercised by His Majesty's Government was as 'trustees before the world for the African population'.⁷⁰ That is, trusteeship should be practised according to international, and not simply imperial, principles, a conclusion Evatt constantly pushed during the 1940s at a series of conferences and during negotiations about the future of post-war arrangements.

There is no need to repeat here how Britain and the United States, in particular, disagreed about the terms of colonial authority after the military struggle ended. Nor is it necessary to document again the role played by Australian and New Zealand representatives in persuading the major powers to acknowledge the specific importance these two British Dominions placed upon post-war arrangements, particularly but not solely for the colonial territories of the South-west Pacific. It is sufficient to note that Dr Evatt's dogged belligerence, backed up

points out that in 1923 another Australian, Edmund Piesse, a senior official in the Prime Minister's Office, had seen the parallels between British policy for Kenya and the Australian situation in the Mandated Territory of New Guinea. Piesse drew the conclusions in comments he made upon a recently published essay by British Radical Liberal, later Independent Labour Party, MP E.D. Morel.

67. Louis *Imperialism at Bay* p.108.

68. See H.V. Evatt 'The British Dominions as Mandatories' *Proceedings of the Australian and New Zealand Society of International Law* v.1, 1935, pp.27-54.

69. Evatt 'The British Dominions as Mandatories' p.29; also cited in Louis *Imperialism at Bay* pp.108-109.

70. Evatt 'The British Dominions as Mandatories' p.29; also cited in Louis *Imperialism at Bay* p.109.

by persistent support from Australian officials, including Paul Hasluck, then working in External Affairs and attending many of the most important meetings, played a substantial part in changing the terms of trusteeship to include international supervision, but not international control or administration of colonies.⁷¹ As well as formulating a means for closer international scrutiny over colonial powers, the emphasis in the justification for continuing colonial rule shifted considerably toward a responsibility for promoting indigenous welfare and hastening self-government, even national independence.⁷²

Deliberations on Australia's Post-war Defence

Wright emphasises how the appeals to a new form of internationalism by leading Australians was associated with, even driven by, a need to protect what was conceived as the Australian national interest.⁷³ Not surprisingly at a time of war, one conception of interest involved territorial occupation with a direct military presence. But a second view of territorial security was also influential, and ultimately prevailed. Its foremost advocate was the Australian military commander General (later Sir) Thomas Blamey.⁷⁴

As the Australian Labor Government prepared its plans for the Australia-New Zealand Conference of January 1944, the Defence Committee of Cabinet prepared a report. The document argued that "the "best means of securing Australia from invasion" was "by taking strong offensive action from established and well-defended forward bases". While Australia would be

71. Wright 'Protecting the National Interest' pp.68-69 correctly emphasises that the principal feature of the context in which the idea of trusteeship changed was anti-colonial nationalism, in which the US, Australian and NZ officials found themselves in agreement more often than with their British counterparts. However distrust of US ambitions in the South Pacific meant the officials from the last two countries allied with British Labour Party supporters of a 'degree of international accountability' and a postwar trusteeship arrangement which could be distinguished from pre-war imperialism.

72. Louis *Imperialism at Bay* provides a comprehensive account of the negotiations and their various outcomes; see also Hudson *Australia and the New World Order*, and Wright *State Practice and Rural Smallholder Production* Chapter 3.

73. 'Protecting the National Interest' notes that from the late nineteenth century a concern for national defence was central to the Australian 'imperial presence, first in Papua and later in New Guinea' (p.65) and proceeds to show how the terms of this concern changed during WWII.

74. David Horner *Blamey: The Commander-in-Chief* St.Leonard's, NSW: Allen and Unwin, 1998, especially Chapter 19, pp.436-438

responsible for maintaining the bases "the naval commitment should be regarded as an Imperial obligation".⁷⁵

In a letter to the Secretary of the Department of Defence (Sir) Frederick Shedden, Blamey disagreed with this position. He argued that Australia's strength lay in its "strategic isolation", the preservation of which should be "our strategic aim".⁷⁶ Blamey asserted that not only could Australian garrisons in the Pacific be bypassed by an attacking enemy, maintenance of the bases would be a problem when defence expenditures were cut during peacetime. Blamey preferred a close alliance with Britain, and conditional encouragement for US bases in the Pacific.⁷⁷

Devising a defence strategy for Papua and New Guinea located so close to northern Australia, and over which military authority already existed – in the form of ANGAU (Australian and New Guinea Administrative Unit)⁷⁸ – posed questions distinct and separable from the proposal for maintaining forward bases that Blamey opposed. As the Australia-New Zealand Agreement was negotiated, Blamey placed his views on the record about 'the long-term strategic problems connected with the present military and future civil, administration of Papua and the Mandated Territory'.⁷⁹

Blamey had a lengthy document prepared by his Director of Research, Lieutenant-Colonel Alf Conlon, and submitted to Prime Minister John Curtin on February 4, 1944.⁸⁰ The document, titled 'The Situation of Australian Colonies as at January 1944' envisaged a long-term program of development for the territories and 'point(ed) to the necessity of a sustained interest by military officers in developmental projects'. Development in PNG should have two objectives, as far as Australia's strategic interests were concerned. First,

75. Quotes are from Horner *Blamey* pp.436-438

76. Horner *Blamey* p.437

77. Horner *Blamey* p.437

78. See Peter Ryan 'The Australian and New Guinea Administrative Unit' in K.S. Inglis ed *The History of Melanesia* Second Waigani Seminar held at Port Moresby May 30-June 5, 1968 Canberra and Port Moresby: ANU and University of Papua and New Guinea, 1971, pp.531-548

79. Horner *Blamey* p.438

80. On Conlon and the Directorate of Research, see Wright 'Contesting community' p.77

there was a need to forestall 'a sudden and uncontrolled [post-war] rush of competitive interests' into the south-west Pacific, where the interests were both of rival nation-states and commercial concerns. The second objective reflected the changing focus of trusteeship outlined above, to place native welfare at the centre of economic and political development, rather than allowing a return to pre-war conditions. The document lent complete support to the position being developed elsewhere in the Australian civilian administration that domination by the trading and plantation interests should not be restored after the conflict ended.⁸¹

Most importantly, as Wright notes, the position adopted by Blamey made it possible to combine 'wartime idealism...with the executive power of the Army'. The circumstances, by Blamey's reckoning, 'presented the Labor Government with a unique, "epoch making", opportunity to exercise policy on the "highest moral level as a justified weapon of power politics to protect not only the future of the native peoples of the Pacific but the strategic security of Australia"'.⁸²

Within a few days of Blamey's letter to Curtin, from February 7 to 12, a conference of ANGAU officers of headquarters and district staff was held in Port Moresby.⁸³ While some of those who attended may not have envisaged major changes in the terms of colonial rule as a consequence of the war, the general thrust of the published papers asserted the importance of improving the welfare of the indigenous population. Nor were the proposed future

81. NAA Series CP637/1/1, Item 65 *The Situation of Australian Colonies as at January 1944* 4/2/1944 General Sir Thomas Blamey to PM Curtin; see also Wright 'Contesting community' and 'Protecting the National Interest'. The document presented to Curtin provides (p.15) another early official application of the phrase 'the paramountcy of native interests', first used to describe the terms of Britain's trusteeship in Kenya (see above), to post-war colonial policy for Australian colonies.

82. 'Protecting the National Interest' p.73; quotes in Wright's document are from Blamey to Curtin 'The Situation of the Australian Colonies as at January, 1944' pp.3-4.

83. NAA Series No. A9372, Item No. Vols. 1-3, Item Title: ANGAU. [*Australia and New Guinea Administrative Unit.*] *Conference of Officers of Headquarters and Officers of District Staff*. Port Moresby 7-12 February 1944. Papers and Discussions. Cf. Gammage *The Sky Travellers* p.225, who gives the venue of the conference as Melbourne.

directions outlined by ANGAU personnel at the conference ever distant from the line being formulated by civilian and military authorities in Australia.

When Major J. L. Taylor said: 'I take it that you all agree that a higher standard of living is necessary for the native people',⁸⁴ he was advocating something which would have found no dispute at either military HQ or in the Curtin Labor government. Further, when stating that this standard should be reached through 'the development of native agriculture, greater native production, and hence greater wealth', and not by further increases in plantation production, Taylor was in step with what was fast becoming the dominant position in development thought about policy for post-war Australia and PNG. The last stage in the formulation of this position during and immediately after World War II is now considered.

Planning Post-War Development: Defence, Reconstructing Community and Paying a Debt

Through settlement schemes and other forms of state assistance, family farms were to provide the basis for post-war agricultural expansion and employment for returning soldiers in Australia. But in PNG, the urgency of the global food shortages initially appeared to favour reconstruction and expansion on another basis altogether, the rehabilitation of plantations owned by expatriates and overseas firms that employed indigenous labour.⁸⁵ As the conflict ended,

84. See Taylor 'A Paper on Native Welfare' (no pagination) in Series No. A9372, Item No.V.2, Item Title: ANGAU [Australian New Guinea Administrative Unit]. *Conference of Officers of Headquarters and Officers of District Staff*. Taylor was an advocate of the labour subsidy thesis, claiming that: 'Plantations in this country exist to a considerable degree by virtue of the low standard of living of the native employees-that is, by cheap labour. It is essential to raise this standard of living in an endeavour to reduce the high death rate of indentured labourers, the pick of the community, which stood at between 15 and 20 per 1,000 before the war. This is an extremely high death rate and is the answer to those who contend that labour conditions [on plantations: SM] were satisfactory.' Gammage *The Sky Travellers* p.225 suggests a major divide between Papua and New Guinea officers on 'native welfare' at this conference with the latter less supportive of the position Taylor espoused. The divide is not immediately apparent in the published papers (see below). See also Wright 'Protecting the National Interest' and 'Contesting Community'

85. Harry H. Jackman *Copra marketing and price stabilization in Papua New Guinea: A history to 1975* Pacific Research Monograph No.17 Canberra: NCDS, ANU, 1988, pp.82-97 discusses the establishment in 1943 of centralized produce marketing, particularly for copra, under National Security Regulations and support from ANGAU. He notes how in the same year the Australian New Guinea Production Control Board (ANGPCB) had taken over plantations operated by ANGAU, and

largeholding owners chaffed at any restrictions which slowed their return to plantations abandoned in the face of the Japanese military's rapid advance.⁸⁶ But these aspirations now confronted government and administrative opposition to plantation agriculture and international companies.

As noted above, even prior to the start of the war, there were concerns about the effects on the indigenous population of plantations and their demands for labour. War-time changes internationally and in Australia in the idea of trusteeship made dealing with these concerns even more important. During the war, the potential for conflict between plantation operations and indigenous welfare became a central focus for government officials working in Australia. Opposition to 'development by Europeans with native labour', strengthened in Canberra, although renewing the importance of plantations remained the direction favoured by J.R. (Reg) Halligan, the most senior official in the Department of External Territories.⁸⁷ As the destructive effects of the military conflict, particularly on indigenes and village life, became greater and better known, this opposition increased.⁸⁸ The September 1943 appointment of a Minister for External Territories E.J. (Eddie) Ward who fervently opposed the continuation of the pre-war direction of colonial policy, gave the opposition its most prominent representative. While Ward was never alone in his antipathy to the re-assertion of plantation and trading company

become the central marketing authority for these and privately owned and operated plantations in areas where the Japanese army had not been of a sufficient threat to force the departure of owners. 86. Initial assistance to returning planters, including through the Production Control Board, prodded Coombs' concern, expressed in a letter to Treasurer Ben Chifley, as a member of a government committee formed in February 1944 to determine policy for post-war PNG. The concern was that without proper consideration the Government would acquiesce in the re-establishment of an economy dominated by largeholdings. See Rowse *Nugget Coombs* p.179; Wright 'Protecting the National Interest', and 'Contesting community'

87. Wright 'Protecting the National Interest' p.74, cites a memo of November 1943 prepared by the Second Secretary of the Department of External Affairs (DEA) which described the plantation system as a form of production 'doomed from the beginning'. Instead 'native' policy for postwar PNG needed 'to be based on the broad principle that the interests of the natives are to be paramount and that nothing should be allowed to impinge on this principle.' The same memo, however, showed an attachment to a form of indigenous production, 'a scheme of modified collectivization *under the direction and control of the government*, with the cultivation of such crops as the world needs' that would have no place in postwar PNG (see below).

88. Wright 'Protecting the National Interest' and 'Contesting community' provides a more detailed analysis of the war-time ascendancy of the 'paramountcy of native interests' position within the Australian government and colonial administration.

dominance, his particular combination of populism and labourism placed the Minister at the forefront of the opposition. As Wright concluded:

The vehemence with which Ward attached the labels of exploitation and non-development to the so-called "vested interests" operating in the Territory created a climate in which more interested parties [than Ward on colonial development] could insert demands for expanded indigenous welfare into the domain of intentional development.⁸⁹

As already noted, officers in ANGAU were among the interested parties in PNG. These officials had the advantage of holding administrative authority at the critical moment as the Japanese forces retreated and before civil administration was re-established. Whatever the extent of disagreement among senior ANGAU officials about how the 'paramountcy of native interests' could be effected, there seems to have been little dispute that this should be the organisation's primary concern. While acknowledging pre-war differences between conditions in Papua and New Guinea, and recognising that ANGAU was not in a position to determine post-war arrangements, Chairman of the 1944 ANGAU Conference Brigadier D.M.Cleland nevertheless emphasised the need for policy 'applicable to both Territories' which represented 'a progressive development on rational lines'. For Cleland, rejecting 'retrogression' and embracing 'progression' meant 'betterment' in 'the best interests of the country [ie.PNG] and its people'.⁹⁰ Other speakers left little doubt which people's interests were of concern for many ANGAU officeholders.⁹¹

The dominant view neatly combined Australian defence interests with the 'paramountcy of native interests' development thrust. Officers most concerned with the deleterious effects of pre-war indentured labour and wartime military demands upon the indigenous population sang from the same song sheet as General Blamey and government officials in Australia regarding the principal objectives

89. 'Contesting community' p.76

90. Cleland 'Summary of Chairman's Address on "ANGAU Organisation and Policy" and of his final survey of the Conference Papers and Discussions'. [No pagination] NAA Series No. A9372, Item No.V.2, Item Title: ANGAU [Australian New Guinea Administrative Unit]. Conference of Officers of Headquarters and Officers of District Staff.

91. In addition to Taylor's paper on 'Native Welfare' already cited, see also papers by Lt-Col. J.M.Mack 'Preventive Medicine', Capt W Trembath 'ANGAU Dental Services', Major L Austen 'Native Welfare', Lt-Col E.Taylor, Lt-Col S Elliott-Smith 'Native Labour', Major D.H.Vertigan 'Native Labour', Lt J.B.McAdam 'Land Tenure', R.E.P. Dwyer 'Agriculture', Capt W.R.Humphries 'A Review of Native Plantations', Major W.H.H.Thompson 'Rice Cultivation' and Lt-Col. W.E.Stanner 'Broad Aspects of Colonial Administration'.

behind post-war reconstruction in PNG.⁹² Taylor stated this underlying purpose neatly in his conference paper:

Leaving sentimental and moral reasons aside, it is vitally necessary for Australia, because of her geographical position, to have a large and contented native population in New Guinea as a buffer between Australia and Asia. This is of paramount importance, and our aim should be 10,000,000 New Guinea natives with an Australian culture and Australian sympathies, so that in the wars of the future a vigorous native race unaffected by any Pan-Asiatic movement will stand with Australia a bulwark against the Orient.⁹³

Other interested parties, including religious denominations, trade unions and academics, easily supplied the 'sentimental and moral reasons'. At the November 1943 Anglican Archbishops and Bishops Conference held at Cheltenham, Victoria, a 'Native Charter' for the South-west Pacific was adopted. Drafted by Sydney University anthropologist A. P. Elkin and Bishop J. W. Burton, the Charter re-asserted the 'paramountcy of native interests' doctrine, and 'urged 'that every effort be made to establish native community enterprises...and to develop peasant proprietorship''.⁹⁴ In February 1944, when Blamey was setting out his preferred position to Curtin and the ANGAU conference was taking place in Port Moresby, the Anglican missions prepared and sent a submission to External Affairs Minister Evatt. The submission explicitly tied the destruction and disruption of the military conflict, the effect upon the indigenous population and Australia's strategic security together in moral terms as a debt owed which should be repaid at least in part by the abolition of the indentured labour system.⁹⁵

92. The close ties between senior ANGAU personnel and key Directorate of Research officials go some way to explaining the coincidence of views. Gammage *The Sky Travellers* p.224 notes how in June 1943, while on leave in Australia, John Black, Jim Taylor's friend, pre-war expedition partner and ANGAU colleague visited the Directorate of Research in Melbourne and expressed anti-colonial and anti-imperial views favoured by the organisation's head Alf Conlon. As Gammage concludes: 'Conlon marked the young soldier'. Black attended the 1944 conference in Port Moresby, while Lt-Col Stanner, along with Majors J.D. Patience and J.R. Kerr, subsequently a controversial Governor-General of Australia, also attended the conference as Directorate of Research representatives. Stanner's importance to the Commander-in-Chief of the Australian military forces is described in Horner *Blamey* p.466.

93. Taylor 'Native Welfare' [No pagination] NAA Series No. A9372, Item No.V.2, Item Title: *ANGAU [Australian New Guinea Administrative Unit]. Conference of Officers of Headquarters and Officers of District Staff.*

94. Wright 'Contesting community' p.82, citing A.P. Elkin *Wanted – A Charter for the Native Peoples of the South-west Pacific* Sydney: Institute for International Affairs, 1943, p.10.

95 Griffin, Nelson and Firth *Papua New Guinea* pp. 102-112, Chapter 8 'Paying a Debt 1945-1949' details the strength of this moral purpose, especially in the immediate post-war years.

In December 1944, Minister Ward organised a Native Labour Conference in Sydney. To representatives of various interested parties, and in the absence of representation from either Papua New Guineans or the large plantation companies, Minister Ward's purpose in calling the conference was made clear. In the absence of Ward, External Territories Department Secretary Halligan, the man regarded in official circles as most enthusiastic for a 'return to the past', was given the task of reading the Minister's conference opening statement expressing the Government's commitment to abolishing the indenture system. The indentured system under which indigenes were employed for up to three years was to be replaced by an as yet undefined arrangement. The revised terms of employment would be those "best suited to the people", and would "cause the least upset to [the] village economy, [and] permit...native peasant production".⁹⁶ Conference deliberations were to assist the Government and colonial administration in finding a new arrangement, not to debate whether indenture should be preserved.

In July 1945, a further clear and defining public expression of the shift in development thought and policy was given. Speaking to the Australian Parliament on the Papua-New Guinea Provisional Administration Bill, Ward emphasised the principal connections between 'positive Australianism' and post-war rule. There would be a break with the past, when not enough had been done, and a future of 'better health, better education, more participation in the wealth of their country and eventually a say in its government' for the indigenous population.⁹⁷ Ward signalled a major overhaul of the Native Labour Ordinance with a substantial increase in legislated minimum pay rates, reduced working hours and indentures cut from three to one year, with indentures to be abolished altogether 'as soon as practicable'.⁹⁸

In late 1946, as expatriate planters anxious to re-establish holdings pressed the UK Government to intervene and overturn the newly introduced labour laws, Ward spelled out how 'native development' would affect largeholding and other similar

96. This and other quotations in the paragraph are from Wright 'Contesting community' p.94, citing NLA E.J.Ward Papers MS2396/12/260-346, *Native Labour Conference* December 1-2, 1944

97. Griffin, Nelson and Firth *Papua New Guinea* p.102

98. Griffin, Nelson and Firth *Papua New Guinea* p.102

commercial interests. Without acknowledging the lineage of the idea 'paramountcy of native interests', this most anti-British Australian Labor Party politician stressed once more how development would change in PNG.⁹⁹ Ward emphasised that:

Non-native expansion must...be governed by the well-being of the indigenous inhabitants of the Territory as a whole... [and while as in the past the basis for the economy will be native and non-native working side by side: [now] the limit of non-native expansion [would be] determined by the welfare of natives generally'.¹⁰⁰

Ward's statement summarised just how far Australian official thinking about development had travelled since the start of the twentieth century, and particularly during World War II. Previously dominant expatriate settler interests now had every reason to be 'unsettled', in Ted Wolfers' phrase.¹⁰¹

While the major commercial firms had less reason for concern, given their dominance and critical role in trade which would become central for post-war reconstruction and beyond, nevertheless they too were major employers of indigenes. As substantial plantation operators, these firms too had to adjust to the shift in thought and policy towards the primacy of smallholder agriculture. Clearly for both settlers and international firms, as well as for colonial officials, the immediate issue would be how an administration short of skilled personnel and essential equipment could transfer the shift into detailed policy that secured 'the paramountcy of native interests'.

Conclusion

For decades colonial rulers in PNG paid only minor attention to the negative consequences of growth driven by plantation and mining operations. Colonial

99. On Ward's anti-British views, see John Kerr *Matters for Judgement: An Autobiography* South Melbourne: Macmillan, 1978, p.122. Ward was not the first or last Australian to transpose a general anti-British disposition into his views on what development should mean in PNG. Lucy Mair *Australia in New Guinea* 1st ed. London: Christophers, 1948, pp.12-13 notes how pre-World War II, even as 'standards of colonial rule advanced in other parts of the world till Papua was no longer in the vanguard' Lieutenant-Governor Murray was determined to distance Australian practices in Papua from what he understood to be colonialism in general and the practices of other colonial powers. For Hasluck's position regarding British and other European colonialism, see Chapter Three.

100. NLA E.J.Ward papers MS2396, Series 12, Folder 557-624 Statement by the Hon.E.J.Ward, MP, Minister for Territories December 6, 1946 'External Territories of the Commonwealth', also cited in MacWilliam 'Papua New Guinea in the 1940s' p.37.

101. 'The unsettled settlers: New Guinea in Australia, 1942-1946' *Journal of the Papua and New Guinea Society* v.1, no. 2, 1967, pp.7-15

policy makers elsewhere, including Britain and France,¹⁰² had adopted the idea of intentional development but Australian thought about development for PNG lagged behind. Despite the pre-war awareness of some officials about changing international thinking and policy, it took war-time conditions to accelerate the process by which these changes were inserted into Australian thought about and policy for PNG.

By 1945 a major transformation had begun in thinking about the policies necessary to make post-war development happen. The priority of officials became trying to shape further commercialisation in a manner which satisfied defence needs and international demand for agricultural commodities while maintaining indigenous attachment to “village life” at higher living standards. However initially little progress was made towards these objectives. The thesis now turns to the years immediately after the military conflict ended.

102. Monica M. van Beusekom *Negotiating Development: African Farmers and Colonial Experts at the Office du Niger, 1920-1960* Portsmouth, NH, Heinemann; Oxford, James Currey and Cape Town, David Philip, 2002

Chapter Two

Uncertain Development

Introduction

Once the war ended in 1945, and over the next two years as the administration of Papua and New Guinea passed from military to civilian hands, defining and applying 'positive Australianism' was especially difficult. As Cowen and Shenton emphasised:

Any doctrine of development faces the inherent difficulty of bringing an intention to develop to bear upon a process of development.¹

It was one thing for colonial officials to 'plead' that the 'paramountcy of native interests' should occur on the basis of development policy aiming to bring about a major expansion of household production. It was quite another matter to work out what the policy meant and how it could be achieved.² The over-arching theme of this chapter is that the difficulties faced during the late 1940s produced uncertainty, tensions and debates but also resulted in responses which subsequently would shape development policy.

One source of difficulty was the Australian government and the Department of External Territories. Previous accounts have stressed how the Minister for External Territories, Eddie Ward and the priorities of the Department Secretary Halligan did not assist officials in PNG to define what 'positive Australianism' might mean in practice. The first section below briefly considers this explanation.³ Section 2 discusses how uncertainty also arose out of the distinct circumstances faced in PNG because of widespread and substantial destruction during the military conflict. The third section of the chapter outlines some of the post-war challenges faced by the administration, which heightened the uncertainty surrounding how to bring development. The final section shows how in the late 1940s, increases in

1. *Doctrines of Development* p.ix

2. The term 'plead' is taken from *Doctrines of Development* p.vii where: 'An intention to develop becomes a doctrine of development when it is attached, or when it is pleaded that it be attached, to the agency of the state to become an expression of state policy.'

³ A more substantial consideration has been provided by Wright *State Practice and Rural Smallholder Production* pp.126-163, Chapter 4

indigenous production began even while colonial development policy remained vague.

Political and Administrative Uncertainty⁴

In 1949 the Ben Chifley-led Labor government lost the second post-war election to a Liberal-Country Party coalition headed by R.G. (Bob) Menzies. For the previous six years, Eddie Ward had been Minister for External Territories. He was also the Minister for Transport, and heavily involved in internal Labor Party and trade union politics. Apart from making general proclamations which emphasised the changed direction of development thought and policy, Ward provided little guidance for either the Department in Canberra or the Administration in PNG. Ward's principal preoccupation was domestic Australian politics, which included tussles over his own political survival.

The External Territories Department did not offer clear guidelines either. Headed by a secretary J.R. (Reg) Halligan who favoured the re-establishment of the primacy of plantations and other large private enterprises, the department was small. Staff shortages meant it was unable to engage in detailed planning, even had the specifics of policy been settled. Consequently, when Colonel J. K. Murray assumed office in late 1945 as the first post-war Administrator at the head of the Provisional Administration, he did so with little more than general advice from Canberra and the lingering influence of the military administration which determined the availability of personnel and equipment.⁵

4. There is a substantial literature which deals with the extent to which internal tussles within the colonial administration were responsible for what occurred in the colony between 1945 and 1952 when Murray ceased to be the Administrator. See in particular Murray *The Provisional Administration of the Territory of Papua-New Guinea* Brisbane: University of Queensland, 1949; Brian Jinks *Policy, Planning and Administration in Papua New Guinea, 1942-1952, with Special Reference to the Role of J. K. Murray* Unpublished Ph.D. Sydney: University of Sydney, 1975; Jinks 'Australia's Post-War Policy for New Guinea and Papua' *The Journal of Pacific History* V.17, No.2, 1982:86-100 ; Wright *State Practice and Rural Smallholder Production* pp.126-203; Ian Campbell 'The ASOPA Controversy: A Pivot of Australian Policy in Papua and New Guinea, 1945-49' *The Journal of Pacific History* V.35, No.1, 2000, pp. 83-99.

5. Downs *The Australian Trusteeship* p.19 notes that: '...the restoration of civil administration was almost entirely dependent on the manpower and material resources which the Army could release'. The latter were limited and under the control of the Commonwealth Disposals Commission, so that even though the Department was taking over authority from the Army, it had to deal with another organisation to obtain needed equipment and other supplies.

Insufficient personnel and the different backgrounds and expectations of staff exacerbated continuing tussles about how to bring about development. To make matters worse, the personnel shortages continued into the 1950s and affected attempts to make planning more precise and detailed.⁶ To increase the size and range of activities undertaken, critical local departments, including Public Health, needed personnel who were flexible about the tasks they could and would undertake.⁷

The staff shortages were made even more serious when one of the central tasks taken on by the post-war administration was to extend colonial rule over areas and people not yet subject to the Administration's authority. While military victory over Japan entitled Australia to international recognition as the governing power over both territories,⁸ this authority did not yet exist in an uncontested manner over the entire population or territory. External recognition was in advance of internal rule,

6. For the shortages, see *Report of the Economic Development Committee of the Provisional Administration* pp.14, 16-21. Under Personnel, the Report commences with (p.16): 'Discussions with Departmental Heads have, without exception, disclosed that one of the major handicaps to post-war reconstruction and development is inadequate staffing. The Committee feels that it cannot stress too strongly this serious problem which is fundamental even to a return to the status quo without proceeding to any development [underlining in original: SM].' The significance of the shortages of skilled personnel also was emphasized in communications between the Administration and the Australian government. See NAA A518, AQ800/1/1 Part 1 *Administration. Territory of Papua-New Guinea Coordination of Plans for Development. Inter-departmental Committee 1947* 27/4/1947 J. K. Murray to Chairman, Inter-Departmental Committee on the Planning and Development of New Guinea p.3 'Already in New Guinea the fundamental problem is one of recruitment and supply including shipping and the dispatch of goods. Prior to any question of long term policy of (sic) plan, these problems must be solved.' The shortages were world-wide, as the Administration soon realized when attempts were made to recruit in the UK. A518, AQ800/1/1, Part 2, 1/10/1947 Minutes of Sixth Meeting of Inter-Departmental Committee, p.13 'The Colonial Office was in such a bad position regarding Agricultural Technicians that Junior Field Officers were being appointed to posts direct from approved Agricultural Colleges without any further training ...'

7. Donald Denoon et.al. *Public Health in Papua New Guinea: Medical possibility and social constraint, 1884-1984* Cambridge: Cambridge University Press, 1989, pp.72-73

8. The terms of, and expectations attached to this authority continue to be misrepresented. Hugh White and Elaina Wainwright *Strengthening Our Neighbour: Australia and the Future of Papua New Guinea* Canberra: Australian Strategic Policy Institute, 2004, p.22) suggest that 'after World War II [Australia] settled into what was expected to be an indefinite period of colonial administration'. In contrast, Hank Nelson correctly points out that with the Territory of New Guinea under the International Trusteeship System, by Article 76, the Australian government was committed to "promote [the inhabitants'] progressive development towards self-government or independence" in accord with "the freely expressed wishes of the people concerned". Although Papua was an Australian colony, 'under the joint administration it was generally accepted that what applied to one Territory, applied to the other'. Over the entire late colonial period, from 1945 until 1975, what ambiguity existed in this commitment was mainly over the pace of advance towards and the timing of national independence. Nelson 'A Comment On' Unpublished Paper May 2005.

particularly in parts of the most populous Highlands region of mainland Papua and New Guinea. In the immediate post-war years, warfare between indigenes and attacks against the officials trying to assert authority still marked the colonial frontiers, particularly in the Highlands. A limited number of officials had to be spread more thinly, including often over terrain that was difficult to traverse by frequent and sometimes lengthy foot patrols. Experienced as well as inexperienced officials, supported by indigenous carriers and police, had to move cautiously in case of attack.⁹

As Charles Hawksley notes, from 1945 the civilian administration supplanted military authority region by region. In 1947, the takeover extended to the Highlands which was gazetted as a separate area, the Central Highlands District, with its headquarters at Goroka where the Allies had built a substantial airstrip. While the district was divided into ten sub-districts, only five (Kainantu, Bena Bena-Goroka, Chimbu, Hagen and Wabag) were allocated assistant district officers.¹⁰

Securing colonial law and order requirements over a larger area and more people was an easily defined basis for administration efforts. It was more difficult to specify how smallholder production could be expanded. While some of the uncertainty arose from conditions within PNG, considered below, others involved relations between the colony and the metropolitan country. In particular, the general objective of increased agricultural production did not specify to what extent development in the colony should be subordinated to development in the metropolis, where post-war reconstruction was also a government priority. One early area of tension, which highlighted the more general difficulty, arose over which markets should be the focus for PNG agricultural exports.¹¹

⁹ August Kituai *My gun, my brother: the world of the Papua New Guinea police, 1920-1960* Honolulu: University of Hawai'i Press, 1998

10. *ADMINISTRATIVE COLONIALISM: District Administration and Colonial "Middle Management" in Kelantan 1909-1919 and the Eastern Highlands of Papua New Guinea 1947-1957* Ph.D. Thesis Wollongong: University of Wollongong, p.308: 'The other five CHD SDs were administered in a theoretical rather than real sense.'

11. Some sense of the uncertainty regarding the connection between the goal of expanding agricultural production and linking exports with overseas markets can be gauged from the following statement (pp.1-2) in the 'Introduction: Scope of Enquiry' for the 1948 *Report of the Economic Development Committee of the Provisional Administration*. 'It was hoped at the outset to cover, in this report, a five year plan for the economic development of the Territory of Papua-New

Global post-war reconstruction rapidly increased international and domestic demand for labour and materials. World-wide shortages of food and other agricultural produce resulted in considerable pressure for the rebuilding of plantations, especially coconut producing largeholdings where there were relatively easy output increases available from previously planted trees. Under trees, large piles of nuts lay awaiting collection and processing, providing cash-flows for further rehabilitation if sufficient unskilled labour was available.¹² International shortages extended beyond copra to a wide range of crops which could be grown in PNG. However the shortages also affected Australian manufacturers and traders trying to rebuild production and meet the demand for agricultural goods in Australia.

While there was easy initial agreement that there should and could be substantial increases in agricultural production, particularly of crops in demand in Australia, there was uncertainty about the relationship between production in PNG and in Australia. The uncertainty arose especially clearly when an early premise of post-war reconstruction was that production of crops in PNG could be 'integrated' with supply of and demand for agricultural produce in Australia. However it was more difficult to determine the appropriate policy response if there were barriers to 'integration' of the two economies.¹³

Guinea...and to support this with a program of building and with reasonable estimates of expenditure for the period. However...it quickly became obvious that such an aim, desirable though it undoubtedly was, was quite impossible at this stage. There is too little known of the Territory on the one hand and there are far too many intangibles on the supply side and in world markets to enable precise and long range planning to be attempted...The Committee feels that, for some time yet, this Administration must face its problems individually as they arise, and use the limited seasoned experience that is available to it to arrive at judgments which will not interfere greatly with the ideal when an integrated plan of development is capable of enunciation.'

12. Scott MacWilliam 'Post-War Reconstruction in Bougainville: Plantations, Smallholders and Indigenous Capital' in Anthony J Regan and Helga M Griffin eds. *Bougainville before the conflict* Pandanus: RSPAS, ANU, 2005 p.232 notes: 'The quickest way to recommence plantation operations was to collect and process the nuts that had already fallen. Burns Philp managers' reports speak of stacks of nuts 15 and 20 feet high under trees, accessible once elementary clearing up had been done.'

13. Initial post-war thinking was influenced by the idea that development in PNG could best occur by 'integrating' the two economies. As the minutes of the first meeting of the Inter-Departmental Committee for the Coordination of Plans for the Development of Papua-New Guinea held on April 29, 1947 in the Office of the Secretary of the Department of External Territories, Canberra record: 'With regard to the economy generally of the Territories, Colonel Murray [JK Murray, Administrator] said he was quite in ignorance of what the Australian Government's intentions were but the Territories could produce copra, rubber, tea, coffee, cocoa, spice crops and rug crops (all things

In the late 1940s and early 1950s, one of these barriers was international, including US government objections to preferential trading agreements. Another difficulty for policy formulation arose when there was a greater advantage for colonial revenues and grower incomes in PNG by fitting production in the country to the wider international, rather than Australian demand. This possibility arose over cocoa production, which was solely an export crop. Soon after the war ended when decisions were being made about the type of cocoa trees to be planted on small and large holdings, there was an immediate tension over priorities (see below and Chapter Six for more detail). Subsequently in the 1950s and 1960s, colonial and metropolitan nationalism were regularly pitted against each other over increased production and marketing of several crops grown in the colony.¹⁴

Major shortages of food crops on international markets encouraged officials in PNG who were looking to expand agricultural production for export markets particularly but not solely by smallholders to look beyond the Australian market. In these circumstances, local officials could and did argue that their first priority was maximizing colonial income and revenues. Producing and selling crops that yielded

that Australia is dependent on somebody else's dependent territories for), to balance out Australia's economy as a whole and make Australia independent of foreign states, particularly in time of war. Unless something like that is envisaged, he could not see how the social and economic development of these people could be advanced. They would have to produce cash crops of some kind or the Australian Government would have to provide, more or less in perpetuity, the necessary money for the running of New Guinea.' NAA A518, AQ800/1/1 Part 1, *Administration-Territory of Papua-New Guinea, Coordination of Plans for Development. Inter-Departmental Committee. 1947. Part 1*

14. The expression colonial nationalism needs clarification, in particular to separate it from indigenous anti-colonialism and indigenous nationalism. As indicated below, immediately after World War II anti-colonialism was expressed by some cargo cults. However beginning in the 1940s, the most important advocates of future national sovereignty and national self-sufficiency for the colony, against an unquestioning primacy of Australian concerns, were expatriate settlers and colonial officials. Among the latter were some who resided in Australia. The terms of the UN Trusteeship, noted above, were important for these colonial nationalists. That is, colonialism was not conceived as antithetical to nationalism, but as supportive of its development, even if the support was provided by people not indigenous to PNG. Subsequently, in the 1960s the most prominent espousers of anti-colonial nationalism were indigenes, expatriate academics and advisers (see Chapter 4). For a history of colonial nationalism from the perspective of Britain's 'white colonies', see Norman Etherington and Deryck Schreuder eds. *The Rise of Colonial Nationalism: Australia, New Zealand, Canada and South Africa first assert their nationalities, 1880-1914* Sydney: Allen and Unwin, 1988 esp Ch 2 Schreuder 'The making of the idea of colonial nationalism'. See also Luke Trainor *British Imperialism and Australian Nationalism: manipulation, conflict and compromise in the late nineteenth century* Melbourne: Cambridge University Press, 1994.

the greatest return, wherever the markets could be found was their priority. Restricting exports from PNG to the small Australian market was not in the colony's best interests, according to some senior officials.

The choice of priorities was made more difficult by the fact that as far as PNG agricultural exports were concerned, Australia and its colony also belonged to the sterling currency area: post-war reconstruction in both was fastened to British imperial needs for agricultural commodities and as a means of overcoming Britain's indebtedness to the USA.¹⁵ Access to US dollars influenced official thinking on a wide range of matters, including how to obtain Caterpillar tractors for road construction and preparing flood-prone land for rice production in PNG.¹⁶ Increasing copra exports could meet PNG and Australian requirements as well as the British requirement for sources of supply within the sterling area.¹⁷

Although the tension between colonial and metropolitan priorities came to the fore more and more in the 1950s and 1960s, it was nevertheless also present immediately after the war. While cocoa production and marketing provided a more substantial long-term test of administrative commitment to maximizing export income (see Chapter Six), the appropriate priorities regarding exports of timber needed to be settled almost immediately after military hostilities ended. In this initial instance, officials in Australia including Minister Ward were decisive in establishing policy.

Commercial timber harvesting, mainly carried out by international and expatriate firms in a small number of areas, required the local administration and colonial government to rank possible markets for PNG produce. The Inter-Departmental Committee of the Australian Government, formed in April 1947 to 'report to [External Territories Minister Ward] on plans for the rehabilitation and reconstruction of the territories to accelerate their development' spent much of its

15. MacWilliam 'Papua New Guinea in the 1940s'

16. See Chapter Five below, as well as MacWilliam 'Fungibility in Fashion: Australia, the World Bank and Agricultural Development in Papua New Guinea' forthcoming.

17. Harry Jackman *Copra marketing and price stabilization in Papua New Guinea A history to 1975* Pacific Research Monograph No.17 Canberra, NCDS, ANU, 1988, Chapter 5

time debating how to 'exploit (the) softwood timber stand at Bulolo for plywood manufacture'. The controversial matter had been referred to the Inter-Departmental Committee by the Commonwealth Cabinet Sub-Committee on Secondary Industries. The reference was a response to 'Australia's urgent need for plywood'. Queensland, as the principal source for plywood supplying seventy per cent of domestic requirements, was believed to have only enough timber for a further six to seven years.¹⁸

While there were international trade agreement barriers to giving PNG timber preference in the Australian market,¹⁹ the principle established in June 1946 for the forest policy approved by Minister Ward asserted an even more important limit upon giving the metropolitan market priority. While holders of pre-war harvesting permits were to be encouraged to re-establish their operations, they were required to first meet 'immediate Territory requirements', then meet Australian 'shortages of sawn timber and logs' and finally supply the larger 'export market as shipping becomes available'.²⁰ In short, not only was there no automatic subordination to Australian requirements, there was a deliberate strand of development thought about and in the colony which gave primacy to PNG's immediate post-war rebuilding needs.

Because the war had been especially destructive for many Papua New Guineans and for the colonial economy, in one direction meeting these needs was especially

18. All quotes in this paragraph are from NAA A518, AQ800/1/1 Part 1, *Administration-Territory of Papua-New Guinea, Coordination of Plans for Development. Inter-Departmental Committee. 1947. Part 1 25/6/1947 Minutes of Fourth Meeting*

19. NAA A518, AQ800/1/1 Part 1, *Administration-Territory of Papua-New Guinea, Coordination of Plans for Development. Inter-Departmental Committee. 1947. Part 1 2/6/1947 Minutes of Second Meeting*. Opposition from the United States of America to 'discrimination' was specifically cited by the representative of the Commonwealth Department of Trade and Customs as a reason why preference could not be given to PNG timber veneers imported into Australia.

20. NAA A518, AU800/1/1, *Administration general. Subjects to be dealt with by Inter-Departmental Committee on co-ordination of plans for development of the Territory of Papua-New Guinea. 22/5/47 Exports of timber in the log from Papua and New Guinea*. A note dated 21/5/1947, added to the bottom of the document which laid out the policy priorities specified above, indicated that between 15,000 and 20,000 feet of walnut logs was being shipped via Sydney to the USA and asked if this was acceptable. The note continues: 'It would appear from this inquiry that the timber is not required in Australia and in such circumstances there would be no objection from a Territory point of view to its (sic) re-export to (the) United States of America. This would result in assisting Australia's dollar exchange position.'

clear-cut. The destructiveness shaped the administration's first phase of giving priority to 'native interests' and also affected future development policy.

Reconstruction and Rehabilitation

Prolonged modern warfare had disrupted indigenous existence in PNG on a scale far beyond that wrought pre-war by plantations and mines.²¹ The military conflict had wrought havoc in some areas but done little damage in others. As Worsley indicates, where the war 'did touch it destroyed utterly'.²² At least fifteen thousand indigenes and an estimated 100,000 pigs had been killed.²³ In rural areas, houses, food gardens, roads and bridges suffered extensive damage. Bombing and other forms of fighting had been severe and especially destructive in their effects in the areas of the country where plantation agriculture had been substantial, including the Gazelle Peninsula, Bougainville, New Ireland and Madang.²⁴ At the end of the war, there were very few undamaged buildings in the main towns of north coastal and island New Guinea. Rebuilding 'village life' absorbed scarce resources, even as the Australian government lifted the revenues provided for colonial administration.

21. Territory of Papua and New Guinea *Report of the Economic Development Committee of the Provisional Administration, 7th September 1948* Port Moresby: TPNG, 1948, pp.13-14 makes the explicit comparison with two British colonies, stating: 'In the hopes of finding a model for long term planning, the Committee studied the Ten Year Development plans for Nigeria and Fiji. From the point of view of development planning, this Territory is badly handicapped in comparison with the two Territories for which the development plans were available. In both the cases, the Administrations had not been disrupted by war and development planning had not meant much more than telescoping the long range plans of the Heads of Departments into the ten year period.'

22. Peter Worsley *The Trumpet Shall Sound: A Study of "Cargo" Cults in Melanesia* New York: Schocken Books, 1968, p.195. See also Griffin, Nelson and Firth *Papua New Guinea*, especially pp.91-99, including for the assessment (p.91) that: 'The burden of war fell unevenly on Papua New Guinean communities. Some groups suffered while others were untouched...The war had almost no effect on about one-third of the people of Papua and New Guinea.'

23. Worsley *The Trumpet Shall Sound* p.195. Again, the unevenness is striking. As Worsley notes: 'Over a quarter of the population were killed or died of sickness during the war in the Kokopo area [near Rabaul in East New Britain where the Japanese army established a large military base: SM] alone. Health and social services were non-existent under the Japanese, but the invaders, on the other hand, did not place such heavy demands upon the local population for labour as did the Allied Forces.'

24. Jackman *Copra marketing and price stabilization in Papua New Guinea* p. 96, notes: 'Before the war, about 370 plantations had been worked in (New Guinea) and 130 in Papua. By April 1944 [after the 1943 formation of the Australian New Guinea Production Control Board which took over the operation of all plantations from ANGAU and the return of some plantation owners and managers in areas not under Japanese control: SM] there were 121 producing estates, 67 under owners and 54 managed by the Board'.

In addition, thousands of people had left rural holdings to perform various war-related tasks, most prominently as soldiers and carriers. At the peak, the Allied forces probably employed about 55,000 indigenes, and many more worked without signing-on.²⁵ Griffin, Nelson and Firth also note indigenous employment by the Japanese military, concluding: 'The total number of Papua New Guineans employed by the Japanese is unknown.'²⁶ Initially, the health of many workers suffered.²⁷ However, in the last years of the war, as rations increased conditions of service improved for those employed by the Allies.²⁸

The recruitment of males for military service and associated work reduced the labour available for cultivating household gardens, increasing the burden on women and children of maintaining food and other supplies. Forced removal of many villagers from their existing homes and gardens for safety as well as military purposes made the task of maintaining subsistence even harder.²⁹ Adding to the effect of war damage, immediately after the fighting ended thousands of indigenes, mainly males, employed as carriers and other military assistants were demobilised. The numbers of indigenes employed on wages plummeted dramatically. Responsibility for feeding and providing other requirements of large numbers of people returning to rural villages was transferred on to households, resulting in at least short-term deficiencies in many items of necessary consumption.

25. Griffin, Nelson and Firth *Papua New Guinea* p.96. Worsley *The Trumpet Shall Sound* p.124 also emphasises the effect of war-time employment on the indigenous population, noting: 'After the physical devastation of people and livestock, huts and gardens, the large-scale dragooning of native labour was the most shattering effect of the War upon the lives of the native people.'

26. Griffin, Nelson and Firth *Papua New Guinea* p.97.

27. Worsley *The Trumpet Shall Sound* p.125, notes: 'Sick wastage among native carriers on the famous Kokoda Trail was 30% at its worst, and malaria and dysentery were introduced into the Highlands, previously free from these diseases.'

28. Griffin, Nelson and Firth *Papua New Guinea* p.96 state: 'Towards the end of the war most army employees were better fed and provided with better health services than pre-war labourers, but men working on plantations for the Production Control Board [that during the war operated plantations in areas under Allied control: SM] were still supplied according to the old inadequate scales'. However as Geoff Gray has recently re-emphasised, there was criticism, most notably by anthropologist Herbert Ian Hogbin 'of practices he saw as endemic, particularly the systematic brutality of ANGAU overseers [toward plantation workers: SM]'. See his 'Stanner's War: W.E.H. Stanner, the Pacific War, and its Aftermath' *The Journal of Pacific History* v.41, no.2, September, 2006, pp.145-163, esp. p.155, citing Hogbin 'Report of an Investigation of Native Labour in New Guinea' (Unpublished document).

29. Major L. Austen 'A Paper on Native Welfare' [No pagination] NAA Series No. A9372, Item No.:V.2, Item Title: ANGAU [Australian New Guinea Administration Unit]. *Conference of Officers of Headquarters and Officers of District Staff*.

One of the first priorities of the post-war colonial administration, and especially the Department of Public Health under its newly appointed Director John Gunther,³⁰ was to deal with the health concerns of the indigenous population. The welfare consequences of the military conflict and the withdrawal of the civilian administration from important if limited pre-war activities dealing with indigenous health and welfare, posed urgent problems. The concerns of public officials about the state of indigenous health, and their efforts to assess conditions, neatly illustrate not only how the post-war welfare of the native people was evaluated, but also how the assessment reinforced the importance of planning to make development happen.

The medical, non-nutritional characteristics of health attracted immediate attention. Malaria, hookworm, tuberculosis and leprosy as well as other primarily tropical illnesses seriously affected many Papua New Guineans. They also undercut long-term welfare, including the physical characteristics of stature and strength, key ingredients of the capacity to labour.³¹ Reducing the prevalence of these illnesses, either not found in or previously substantially reduced in their effects upon populations in industrial countries, had priority.

In 1946, Gunther decided that:

...his first task was to provide basic health care as quickly and as widely as possible. Needs were greatest among those communities that had

30. Hasluck *A Time for Building* p.103 praised the work of Gunther in the five years before Hasluck became minister, stating that: 'Handicapped by lack of staff and an incomplete departmental structure, he had achieved much. He was easily the strongest single driving force in the Administration as well as being one of the very few senior men with a trained intelligence and a practical political sense'. For more on Gunther's appointment and personal qualities, as well as the operations of the Department of Public Health in the immediate post-war years, see also Downs *The Australian Trusteeship* pp.43-49; James Griffin "'Someone Who Needed No Pushing": The Making of Sir John Gunther' in Sione Latukefu ed. *Papua New Guinea: A Century of Colonial Impact 1884-1984* Port Moresby: National Research Institute and the University of Papua New Guinea, 1989, pp.223-246; Denoon et.al. *Public Health in Papua New Guinea* pp.67-84, Part II, Chapters 8-9: Sir John Gunther 'Post-war medical services in Papua New Guinea: a personal view' in Sir Burton G Burton-Bradley ed. *A History of Medicine in Papua New Guinea: Vignettes of an Earlier Period* Kingsgrove, NSW.: Australasian Medical Publishing, 1990, pp.47-76.

31. As previously emphasized: 'Welfare of the people... is always particular welfare of specific people. Where the people comprise the class of labour, welfare is gauged by the capacity to labour'. See Scott MacWilliam 'Smallholdings, Land Law and the Politics of Land Tenure in Papua New Guinea' *The Journal of Peasant Studies* v.16, no. 1, October, p.92.

become dependent [pre-war] upon government or mission health services and then been cut off from all aid during the war. [The apparent] signs of ill-health were the numbers of people suffering from skin diseases, yaws, enlarged spleens resulting from malaria, and respiratory diseases.³²

However ill-health soon acquired a more comprehensive conception than particular infections and diseases, being extended to include nutrition and other medical characteristics of the indigenous population. Systematic data collection began on these dimensions, initially through fact-finding visits by individual officials, including by Gunther to war-torn Bougainville.³³

In 1947, the Department of External Territories and the Provisional Administration responsible for the Territories of Papua and New Guinea commissioned a nutrition survey.³⁴ This Survey, conducted with thirteen field staff and seven staff of the Institute of Anatomy in Canberra, operated under the direction of a Planning Committee. The Committee included the Directors of the three Departments which were at the centre of post-war reconstruction for the colony, Health, Education and Agriculture, Stock and Fisheries.³⁵ The Survey was part of a continuing drive to reduce or eliminate the most debilitating conditions faced by the indigenous population, envisaged as protein shortages and a range of diseases. The low level of protein consumption became an immediate target for colonial officials, who were aware of the war's effects on indigenous herds and flocks.

For pigs in particular, the military conflict had been especially destructive.

Pig populations in many parts of the country were almost entirely annihilated during the Japanese occupation. As the pig is one of the

32. Griffin, Nelson and Firth *Papua New Guinea* p.106

33. Murray 'In Retrospect 1945-1952' p.198

34. Published as Commonwealth of Australia *Report of the New Guinea Nutrition Survey Expedition 1947* Sydney: Government Printer, 1950

35. Wright 'Contesting community' p.87 notes that the previous year the Director of Agriculture, W Cottrell-Dormer had 'outlined to the [Territory of Papua and New Guinea Missions Conference] a "Proposed Policy and Working Plan" for indigenous agriculture' which linked 'the Administration's goal of a "stable social structure based on a family unit"' with the improvement of 'the nutrition and the standard of living of the native peoples of the Territory'. Cottrell Dormer advocated an 'ideal form of production' of mixed farming on individual smallholdings which combined production for immediate consumption with cash cropping (see below).

chief sources of meat to most natives, a serious unbalancing of the native diet has been brought about in such areas.³⁶

Consequently colonial officials paid particular attention to increasing meat production by importing and distributing chicken and pigs. Small studs of pure breed imported pigs were established at Lae, Aitape, Rabaul and Sohano, to make possible the distribution of better quality animals to indigenes.³⁷ Similarly day old chicks and quality cockerels were flown into the colony for distribution.

Previously the Institute of Anatomy in Australia had been advising the Administration, through the Department of External Territories, regarding the appropriate ration scales for labourers employed on plantations, mines and other occupations. Preparing this advice had not required data about consumption patterns of villagers and particularly not of locally produced and immediately consumed produce. The first objective of the post-war Survey explained that:

As the Administration was anxious to use as much native grown food as possible it was considered desirable to collect information relative to the food patterns of native groups living exclusively on indigenous foods, and at the same time ascertain the nutritional status and health of these same groups.³⁸

The second objective involved locating areas where 'conditions were known to be normal', so that 'abnormal conditions [that is, the localised areas where food shortages did occur: SM] would not give a distorted picture'. By collecting 'quantitative data on food production and food consumption' where conditions were normal, a base set of data could be established as a yardstick for future 'investigation of food shortages'.

36. *Report to the General Assembly of the United Nations on the Administration of the Territory of New Guinea-From 1st July, 1947 to 30th June, 1948* Canberra: Commonwealth Government Printer, 1949, p.23

37. Robin Hide *Pig Husbandry in New Guinea: A Literature Review and Bibliography* Monograph No.108 Canberra: Australian Centre for International Agricultural Research, 2003, pp. 8-9. Cattle numbers too, which had been reduced from around 30,000 head pre-war to almost nil during the war, were slowly increased, by a similar process of importation and distribution. PNGNA AN12, Box 3893, F/N 1-1-84 *Planning and Development 1949-1952* Part 1 5/11/52 R.E.P. Dwyer, Director, DASf to Government Secretary, Port Moresby 'Recommendations made by Senator A.M.Benn after a visit to the Territory of Papua and New Guinea' p.3

38. *Report of the New Guinea Nutrition Survey Expedition 1947* p.13

So far, the Survey's terms might seem to suggest only the aim to maintain the status quo in household production. However the third objective pointed to a potential for change being considered, which was in line with Director of Agriculture Cottrell-Dormer's 'ideal form of production' noted above. For the Survey had:

A third purpose, of perhaps lesser importance, [which] was to ascertain whether it would be possible and desirable to recommend a policy of native agriculture which could combine the production of "cash" and native food crops without detriment to the latter.⁴⁰

The phrase 'without detriment to the latter' is especially important. It stresses the primacy of 'native food crops' over household production of cash, mainly export crops, in the initial post-war phase of fleshing out the details of thinking about development for PNG. That is, while faced with the immediate problem of how to remedy the war affected state of indigenous existence and to overcome immediate welfare deficiencies, by 1947 the colonial administrative priority of information collection as a guide for health policy was also suggesting a direction which an expanded post-war scheme of smallholder agriculture could take.

The terms of the Survey implied a specific developmental objective for indigenous health. To understand why, it is important to recognise the Survey proposed that household living standards needed to be raised to match those prevailing in industrial countries, especially Australia. As a 1947 *Report of the Provisional Administration* emphasised:

Australia offers a rich prize to the teeming Asiatic millions. Australia's nearest friends are at a considerable distance in America and South Africa. Apart, then from the ethical obligations to develop her dependant peoples which Australia accepted when she accepted the trusteeship of the Territory of New Guinea, it is of extreme strategic importance to her that she has control of this buffer area. But, to ensure that this area does function as buffer state and not a festering wound in the Australian way of life, it is essential to extend that way of life to the peoples of this Territory as rapidly as they can absorb the changes.⁴¹

40. *Report of the New Guinea Nutrition Survey Expedition 1947* p.13; see also W.R. Conroy and L.A. Bridgland. 'Native Agriculture in Papua-New Guinea' Part 3, pp.72-91 in *Report of the New Guinea Nutrition Survey Expedition 1947*.

41. *Report of the Economic Development Committee of the Provisional Administration* Port Moresby: September 7, 1948, p.10

'(N)ormal areas' within PNG provided the base for domestic comparisons. But in order to define these areas, the Survey constructed the appropriate yardstick of adequacy, in nutritional and other terms, by reference to standards found outside the colony. The idea of welfare took on a precise nutritional basis, and one which permitted easy international comparisons. Summarizing the Survey findings, the Report stated:

When the intake of foods is expressed as nutrients it is seen that the calorie intake is slightly lower, and the protein intake much lower than amounts recommended as desirable to ensure adequate nutrition amongst people of Caucasian origin.⁴²

In this instance, the specific Caucasians were from Sydney, while other comparisons were made using (p.107) 'National Research Council Recommended Dietary Allowances... based solely on North American data'.⁴³ Data derived from mainly urban populations in leading industrial countries, formed the basis of major comparisons for the Survey. Most importantly, the comparisons made it possible to re-emphasise what was deemed necessary if development was to occur and indigenous living standards lifted. '(A)dequate nutrition' at Australian and US levels was the necessary basis for raising the indigenous capacity to labour.

The Survey thus reinforced, through specific dietary and other health conditions, the demarcation between undeveloped, or underdeveloped in US President Harry Truman's sense of the term (see Introduction), and developed peoples and territories which was so important for colonial development planning. In so doing, it also set terms for the subsequent emphasis upon improving welfare by increasing production and raising productivity through reformed agricultural practices.

42. *Report of the New Guinea Nutrition Survey Expedition 1947* p.23. The indigenous population were not always judged 'worse off', less developed, than the overseas comparators: the availability of regular sunshine and less clothing among babies made possible higher Vitamin D scores and thus greater calcium absorption, leading to lower rickets frequencies than children attending Sydney hospitals in the 1930s (pp.154-155). Similarly the incidence of dental caries was (p.248) 'much lower than that usually observed among most "civilized" peoples'.

43. *Report of the New Guinea Nutrition Survey Expedition 1947*. In the case of calcium, the use of the North American data was accepted only as a temporary measure (p.107) 'realizing that these figures are probably well in advance of the actual calcium requirements of the natives'.

diseases and malnutrition, which continued to exist into the 1950s at least. In 1958, Gunther, who had become Assistant Administrator, could still state:

(t)he population is not healthy: the expectation of life is half of what it should be; the infant mortality rate twice to ten times what it should be...These indigenous people of the Territory are only 80 per cent well...This (is) the physical condition of the people which has to be improved so that their country may progress, for they are the only labour force available to achieve development.⁴³

Hasluck subsequently made much of his continuing preoccupation, when Territories Minister, with 'the physical welfare and the physical needs of the people', as well as expressing his contempt for 'parliamentary buffoons' in Australia who mocked when told of medical campaigns, including to overcome yaws.⁴⁴

However, by 1948 some reconstruction and rehabilitation had been completed. The official assessment was that:

Despite the shortages in material and personnel, much has been achieved in the two and a half years since the return of the Civil Administration [in 1945]. Most of the villages disturbed by war have been rebuilt, the natives settled and the gardens re-established on pre-war levels....It is only the European establishments and that part of the native economy which is dependent on imports that has not reached prewar levels.⁴⁵

This ordering of restoration priorities, indigenes in occupation of smallholdings over plantations and other expatriate-owned enterprises was in accord with official objectives. Further, in their initial attention to reconstruction and rehabilitation, officials understood that the process of rebuilding was not simply a technical matter, fixing bridges and roads, eliminating diseases by the application of medicines. They recognised that dealing with the damaging and deleterious effects of warfare upon the indigenous population also had consequences for the future social relations of production. As much as the first response of officials seemed to be determining and meeting the welfare needs of Papua New Guineans, this

43. See 'The People' in J. Wilkes ed. *New Guinea and Australia* Sydney: Angus and Robertson, 1958, p. 49

44. Hasluck *A Time for Building*, pp.101-102. Chapter 11 on health services includes some of the most intensely emotional as well as revealing passages in anything Hasluck wrote or spoke about while Minister for Territories. See, on the same point, Robert Porter *Paul Hasluck: A Political Biography* Nedlands: University of Western Australia Press, 1993, pp.112-113

45. *Report of the Economic Development Committee of the Provisional Administration* pp.11-12

social relations of production. As much as the first response of officials seemed to be determining and meeting the welfare needs of Papua New Guineans, this occurred with an awareness of the future implications for 'the paramountcy of native interests'. As Administrator J. K. Murray explained in 1947:

In the carrying out of its policy, the Administration has so far been hampered by the requirements of rehabilitation in this country - the major victim in the Australian theatre during the recent war. It has been suggested that this task could be more readily accomplished if all new features of policy were postponed until it was completed. The Administration has not accepted this view. It does not believe it either possible or desirable to make such a separation between rehabilitation and future development; the Territory must be reconstructed and developed now on lines in keeping with our intentions for the future. What is done now determines in a large measure the future pattern.⁴⁷

However beyond improving indigenous health, rebuilding roads and bridges, and re-establishing household gardens growing food crops for immediate consumption and local markets, little was settled on what development policy was to be and how policy could be implemented. As shown in section one of this chapter, the lack of detailed direction provided from the minister and department in Australia was one impediment to determining what development policy and practice might be. There was also a particular conjunction of international conditions and circumstances in the colony which affected the administration's capacity to bring development.

Post-War Challenges Affecting Development Policy

Despite the limitations of staff shortages and the difficulties of post-war conditions, Administrator Murray was certain about some aspects of the direction the Administration should take. He and other officials continually stressed the importance of their trusteeship role for securing 'native interests' against the potential for harm, including the breakdown of community. In late 1947, the Administrator argued that economic growth would inevitably mean the transformation of 'the way of life of native people', but 'native tradition' could be

47. 'Memorandum on the Policy of the Administration' September 8, 1947 sent to the Chairman of the local Administration's Economic and Development Committee on Planning and Development of Papua and New Guinea, subsequently forwarded to the Commonwealth Inter-Departmental Committee for the Coordination of Plans for the Development of Papua-New Guinea. NAA A518. AQ800/1/1 Part 2, *Administration-Territory of Papua-New Guinea, Coordination of Plans for Development. Inter-Departmental Committee. 1947*

preserved as long as the attachment to land was maintained. The Administration acting as trustee could adjudicate on what was 'still vital in native tradition and what [would] become obsolete'.⁴⁸

What was obsolete? Determining vitality, what should be preserved and extended In 'native tradition' was difficult for colonial officials,⁴⁹ even if stopping local fighting and attacks against administration patrols were obvious 'traditions' which had to be made obsolete. Several post-war conditions threatened the Australian government's major policy guideline, that the pre-war dominance of plantations and mines would be supplanted by a concentration on raising smallholder output to improve 'native welfare', and secure the 'paramountcy of native interests'. The responses of the colonial administration to each threat further defined what was to occur under this guideline, while also creating space for other obstacles to arise. Officials established key policy parameters, including for labour and land, which were to become central to 'even' development in the 1950s. The present section details the most substantial challenges which were faced and how officials responded.

Some difficulties arose from the consequences of the war itself, including the world-wide food and other material shortages which encouraged immediate restoration and expansion of plantations. Other challenges resulted from the efforts of colonial officials to overcome the worst effects of the conflict on the indigenous population. With improved health and better food supplies, many indigenes –

48. Wright 'Contesting community' p.80, citing from NAA A1838/283, F/N 301/1, 8/9/1947 J.K.Murray *Memorandum on the Policy of the Administration*. There are few clearer statements of the Administration's development intent than this document, including the following passage (p.2): 'The challenge and problem facing the Administration is, in its essence, the widening and advancing of the economic productivity of the country as a whole, but with activities qualified and circumscribed in strict accordance with the other territorial obligations of the Commonwealth in respect of native welfare, the social and political development of the native peoples, and conditioned by a policy of conservation of the natural resources of the Territory. Continued progress will, in the last analysis, be dependent on a simultaneous development and conservation of economic resources.'

49. To cite Murray again from the same document *Memorandum on the Policy of the Administration* on the 'problem' (p.3): 'In this economic advance, the way of life of the native people will inevitably be transformed. Regret will be felt for the passing of much that is admirable and gracious in the traditional life of the people. But the very presence of existing institutions in the country has doomed much of the old order to attenuation and extinction; the choice now lies, in great part, between inaction or development-that development must be directed upon lines calculated to produce the greatest human happiness.'

especially males – could leave smallholdings in home areas to work for commercial enterprises and the administration. In the immediate post-war years, the out-migration of potential labour threatened the colonial objective of expanding household production. Extending colonial authority to new areas, particularly of the central Highlands, and reducing the importance of warfare could also either make possible the recruitment of increased numbers of labourers or provide the opportunity for more leisure activities. Neither possible outcome satisfied the principal objective of colonial policy and so had to be prevented or at least limited where possible.

Even with a drive to increase production and marketing of copra in the last years of the war, by 1946 only thirteen per cent of all plantations had returned to production. High prices and a nine year purchasing contract for copra with the British Ministry of Food,⁵⁰ led to the rapid resuscitation of many largeholdings. By 1949, 380 of the pre-war total of 636 coconut plantations had restarted operations. Between 1945-46 and 1948-49 production of copra increased from 11,000 to 46,000 tons.⁵¹

After 1945, the war-time turn in government policy against the large firms and owner-occupiers who had operated plantations pre-war was also extended to international companies looking to set up similar operations in PNG. While the principal barrier was the refusal to allow the expropriation and consolidation of land for an expansion of largeholdings, the focus upon the rehabilitation of household agriculture also limited the supply of labour for plantation agriculture. Australian government policy was supported by important officials in the colony.⁵²

When political and commercial connections between Australia and Britain were being refashioned, the British government and major UK firms were searching for areas within the sterling bloc to expand agricultural production under their direct

50. Jackman *Copra marketing and price stabilization* p.107

51. A large number of the plantations, 160 of which were in the Territory of New Guinea, had been so badly damaged during the war that it was uneconomic to re-open them. NAA A518 H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua & New Guinea. (February 1950)*, p.11.

52. See the mid-1946 exchange of correspondence between the Director of DASF, W. Cottrell-Dormer and Minister Ward. NAA A518/1, A58/3/3 *Commodities-Cocoa Papua and New Guinea Proposals for Development*.

control. The failed Tanganyika Groundnut Scheme remains probably the best known instance of this search. Conceived in 1946 by an official of the United Africa Company, subsidiary of Unilever, the project was taken over by the British government-owned Overseas Food Corporation until closed in 1951.⁵³ PNG was a focus of attention too, with some colonial officials holding out limited hopes that either the Overseas Food Corporation, or a major international food company, would be able to successfully expand production. The hopes were never realised.

Even before the war, international supplies of cocoa had been threatened by a major outbreak of the swollen shoot virus in West Africa. The virus was especially widespread among the extensive plantings in the British colony of the Gold Coast, later Ghana, the largest exporter in the world. Soon after the war, representatives of cocoa and chocolate manufacturing firms in the UK and Australia began to press their governments for assistance in establishing new areas of supply. PNG's production had been decimated by the war, with an estimated 80-90% of sole planted bushes and approximately 60% of bushes interplanted with coconuts destroyed.⁵⁴ However with climatic and soil conditions in many parts of PNG regarded as extremely favourable for growing cocoa, the colony was considered a potential major source to fill a substantial portion of international demand at a time of serious post-war shortages.

Private firms in Australia and the UK, as well as representative organisations of merchants and manufacturers exerted pressure on the colonial administration and Labor government for rapid action to support expanded production.⁵⁵ The

53. See also Michael Cowen 'The Early Years of the Colonial Development Corporation: British State Enterprise Overseas during Late Colonialism' *African Affairs* v.83, no.330, January 1984, pp.63-75

54. NAA A518, A58/3/3, *Commodities-Cocoa Papua and New Guinea, Proposals for Development* 8/1/48 R.E.P. Dwyer Acting Director DASF to Government Secretary 'New Guinea Cocoa Industry'. In the inter-war period PNG was distinct as one of the few places in the world where cocoa was inter-planted with another tree crop, in this case coconuts.

55. NAA A518, B58/3/3 *Commodities-Cocoa. Papua and New Guinea. Proposals for Development, Commonwealth Chocolate and Confectionery Manufacturers Association*. The pressure was exerted at a time when world demand exceeded supply and quotas limited the availability of cocoa for Australian manufacturers. Over 80% of cocoa imports into Australia came from West Africa, where a combination of disease and political turmoil was making supply even more uncertain. One proposal, outlined when production in PNG was negligible, envisaged the planting of 175,000 to 200,000 acres, yielding around 25,000 tons to 'produce, close at hand, sufficient Cocoa Beans for

Australian government and the British Overseas Food Corporation briefly flirted with a project to assess how increases in major agricultural crops, particularly cocoa, might be achieved.⁵⁵ More seriously, Cadbury Brothers, the UK parent company of Cadbury-Fry-Pascall Ltd, based in Claremont Tasmania, sought a large land grant to develop a cocoa plantation on a scale which would dwarf all the existing largeholdings in the colony. Consideration of this venture was only finally terminated in 1956, when Cadbury gave up on establishing a plantation, settling instead for a role as major purchaser and exporter of PNG cocoa.⁵⁶ In addition to the Administration's opposition to substantial increases in the land occupied and operated by plantation firms, there were also fears that more largeholdings would further increase the demand for labour.

These fears were grounded in post-war changes. While an initial substantial reduction occurred in the numbers of Papua New Guineans in wage employment, within five years of the war ending the flow of labour away from smallholdings had

Guinea, Proposals for Development. 21/11/47 Gordon L. McLure to E.J. Ward, Minister for External Territories.

55. NAA A518, C58/3/3, *Commodities-Cocoa. Papua and New Guinea. Proposals for Development. British Overseas Food Corporation.* The file includes a lengthy document prepared in response to a questionnaire sent by the BOFC. The BOFC was already involved in Queensland, in association with the State Government, and was 'interested in the possible large scale production of Cocoa in the Territories'. Department of External Territories File memo 17/8/1949. At various stages, the BOFC enquiries and related meetings involved Australian High Commission officials in London, Australian Prime Minister and Treasurer J.B. Chifley, the Director of the Commonwealth Department of Post-war Reconstruction, and Dr. H.C. Coombs, the Governor of the Commonwealth Bank, as well as the Minister for External Territories and Department officers. The British Government and the BOFC were being pushed by chocolate manufacturers in the UK 'anxious to improve supplies of cocoa'. 11/10/1948 DET File 'Notes of a Discussion with the Overseas Food Corporation held on 7th October' p.1. However the expressed interest went nowhere, but not before Coombs had advised PM Chifley: 'My reaction to their [the BOFC: SM] proposition was that it was somewhat unrealistic in the form submitted [ie. 'for a three-party corporation producing cocoa by mass production methods in Papua and New Guinea': SM]. Large-scale production of any commodity in (P-NG) presents...very real difficulties. If a labour force of any magnitude were required, it could be obtained only by mass movement of natives with attendant difficulties of a health, social and economic character.' Coombs recommended an investigation into the proposal and the BOFC lost interest when asked to share the costs of the investigation.

56. NAA A518, A58/3/1 *Cocoa-Papua and New Guinea, Research General* documents the continuing close relationship between officials of the Department of External Territories and Cadbury-Fry-Pascall Ltd head office in Claremont, Tasmania. There was a regular flow of correspondence and papers, including reports about the world cocoa situation, between Claremont and Canberra. On December 20, 1956, Cadbury advised Territories Minister Hasluck that while it continued to support cocoa research being undertaken at Keravat, near Rabaul on the Gazelle Peninsula, the firm had 'come to the conclusion that both our interests and those of people connected with the growing of cocoa will be best served by the establishment of [Mr Wilfred Smith, formerly of the Department of Agriculture, Gold Coast, now working in PNG as an adviser to plantations] ...rather than by an attempt on our part to establish a plantation.'

within five years of the war ending the flow of labour away from smallholdings had been reversed. Between August 1945 and February 1946 the number of employed indigenous labourers fell from 34,000 to 4,100, as many Papua New Guineans previously in wage employment took the opportunity to return to their villages. Subsequently, post-war reconstruction demands resulted in increases of around 10,000 workers per year. By mid-1950, the number of indigenes in wage employment had become over 48,000.⁵⁸ There was also an increase in labour militancy.⁵⁹

One immediate effect of the increase in commercial and government activities was raised concerns about the consequences for village life. These concerns were heightened by other indigenous responses to the war and the post-war re-establishment of civilian colonial authority.

*'Cargo cults', political stability and development thought*⁶⁰

Cults had flourished in some areas prior to World War II. In other areas, including the Highlands, there were cargo - inspired movements during the war, particularly in recently pacified locations from which the Administration's presence had been removed or reduced. The most prominent areas where cults flourished immediately after the war and even into the early 1960s were in the Sepik, Madang and Morobe Districts, although they were also active in Papua, Manus, New Ireland and Bougainville, particularly on Buka Island.⁶¹

58. Worsley *The Trumpet Shall Sound* p.196.

59. Worsley *The Trumpet Shall Sound* p.197, citing Lucy Mair *Australia in New Guinea* 1st edition London: Christophers, 1948, p.216 in which Mair draws particular attention to : 'A new feature of the post-war period has been the great number of demonstrations by native employees against conditions with which they were dissatisfied.'

60. The complexities involved in describing what is meant by the expression 'cargo cult' are discussed at length in Worsley *The Trumpet Shall Sound* including in 'Introduction to the Second Edition: Theoretical and Methodological Considerations' (pp.ix-lxix) and 'Introduction to the First Edition' (pp.11-16). Worsley (p.11) outlines the principal characteristics of the 'cults' as: religious movements in which 'a prophet announces the imminence of the end of the world in a cataclysm which will destroy everything. Then the ancestors will return, Or God, or some other liberating power, will appear bringing all the goods the people desire, and ushering in a reign of eternal bliss'.

61. Downs *The Australian Trusteeship* pp.61-65. One Buka cult, the Hahalis Welfare Society, involved 'a large scale rejection of the (Catholic) mission...in 1961' when 'a mood of economic frustration and disappointment fuelled resentments which merged with a cargo cult tradition that had been spasmodically manifest since the early 1930s.' Hugh Laracy "'Imperium in Imperio'?: the Catholic Church on Bougainville' in Anthony J.Regan and Helga M.Griffin eds. *Bougainville before the conflict* Canberra: Pandanus Books, RSPAS, ANU, 2005, p.131. See also: Albert Maori Kiki

The international warfare, carried out by militaries using equipment of types and quantities never previously seen, unsettled indigenous existence beyond the effects of actual destruction and loss of life. Downs notes:

Uncertainty and suspicion [of the colonial authorities: SM] were not diminished by the extent of the allied armadas that ended the Japanese invasion. The massive use of men and material was in extra-ordinary contrast to the small penurious pre-war administrations...When the people saw the extent of the allied war effort they could not help making comparisons.⁶¹

Where war-time experience had included contact with Australian and US troops, including black Americans, the effect was often profound. The experience sometimes strengthened a distinction between 'Australians' who as military personnel were admired for their friendly egalitarianism, and officials plus employers who were classified as 'English' because they maintained discriminatory practices and attitudes towards indigenes.⁶²

Comparisons reinforced previous puzzlement about the basis for the wealth or cargo possessed by Europeans, which had been present almost from the start of colonial rule. Comparison and conjecture combined with unemployment and impoverishment fuelled the formation of organisations that speculated about and became committed to finding the source of the now so obvious wealth. For many cults and their leaders, the abundance of goods associated with the European presence - military and civilian alike – did not appear to be a consequence of labour. Cargo came into the colony with no labour and other means of production seemingly involved, except by the largely indigenous labour force which unloaded ship and aircraft cargoes.⁶³ Not only was its production 'hidden' because the goods

Bulletin No.14 Canberra: New Guinea Research Unit, ANU, 1972; James Griffin 'Movements Towards Secession 1964-76' in *Bougainville before the Conflict* pp. 291-299.

61. Downs *The Australian Trusteeship* p.61

62. Worsley *The Trumpet Shall Sound* p.126

63. The official assessment, provided in a February 1950 secret report was that the cults in part represented a 'definite misappreciation of the ramifications of production and supply'. Accordingly: 'These manifestations [of cargo cultism] are dealt with tactfully and every effort made to acquaint the people with the lack of foundation for the cult and to instruct them in the processes of manufacture and supply, including incidental labour, by which the outside world acquires its "cargo"'. NAA A518/1, H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua and New Guinea (February 1950)* p.9

were manufactured elsewhere, but ownership within the colony passed into the hands of those who did not labour - the plantation owners, government officials and company managers whose wealth could not be associated with any particular productive labour they carried out.

In some cases, the increased supplies of goods not obviously connected to labour produced leaders who garnered support by promising to find their source, 'capture it' and bring wealth to an organisation's members. Unsurprisingly, and especially potent in the areas where post-war impoverishment was most severe, cult activities were often directed at finding and identifying the seemingly mysterious source of wealth which arose without labour.

War-time experiences and post-war hopes fuelled by the cessation of military conflict provided suitable conditions for revitalized and reshaped cultist activities.⁶⁵ Unemployed or underemployed villagers and increased commercialisation of consumption opened further space for the rise of cargo cults. For Australian officials countering cults played an important part in shaping development thinking along colony-wide lines. In countering the claims of cult leaders that increased consumption could occur without a concomitant increase in labour, colonial officials were also forced to re-emphasise how increased production by households was central to their development plans.

The initial Administration efforts to co-opt cult leaders showed concern over a different kind of threat. Post-war cults and their leaders sometimes developed as

"cargo". NAA A518/1, H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua and New Guinea (February 1950)* p.9

65. Worsley *The Trumpet Shall Sound* remains the most comprehensive account of these activities. For an assessment of the significance of cults during and after World War II, from the position of a former senior Administration official, see Downs *The Australian Trusteeship* pp. 61-65, 201-206. To Worsley's description of cults, should be added Downs' important point (p.62) that: 'The differences between cults based on expectations of material rewards, cults promising a better way of life, cults protesting against unfair treatment and those that were omens of embryonic nationalism were hard to distinguish. Some movements, officially categorised as cargo cults in official reports, may not have deserved that description.' See also Peter Lawrence *Road Belong Cargo: A Study of the Cargo Movement in the Southern Madang District, New Guinea* Manchester and New York: Manchester University Press and Humanities Press, 1964

administrative authority, including its Christian basis. When cult leaders became anti-mission and/or opposed to the colonial government in word and deed, they were either turned or jailed.⁶⁶

A favoured Administration response was to attempt to co-opt cult leaders in post-war reconstruction efforts as well as to try to explain the ways goods were produced.⁶⁷ Of greater long-term importance, cult activities:

...compelled the attention of the Government and resulted in closer and more intensive Administration support. The evidence is clear that all the major cult movements and disturbances were followed by more favourable Administration treatment of the areas in which they occurred.⁶⁸

In calling attention to the more impoverished areas, the cults were important in forcing officials to emphasise that development should be 'even' across the colony. During the 1950s, tackling cults contributed to the construction of a more precise official direction for late colonial development, uniform or even development (see next Chapter).

Paliau Movement (pp.186-188) 'established control over most of southern Manus...organized a boycott of the Administration, and [its leader Paliau] is said to have urged the expulsion of the Europeans and the Asians'.

66. The case of Yali, the 'outstanding Cargo leader on the Rai (Madang) Coast' in the late 1940s and early 1950s, is exemplary in this respect. At first the Administration sought to temper his anti-mission views, persuading him to encourage followers to form cooperatives and other acceptable development projects. However (p.218): 'As the [Letub Cargo movement] snowballed, missionaries were threatened with violence, non-believers were gaoled [by the movement], and illegal taxes were levied. The cult was fast becoming a dangerous threat on a mass scale, and violence was increasing. Consequently, in 1950, Government arrested Yali, who was charged with incitement to rape, and extortion of money. He was eventually sentenced to six and a half years' imprisonment.' Worsley *The Trumpet Shall Sound* pp.216-218.

67. Downs *The Australian Trusteeship* p.62 states: 'Administration efforts to stop objectionable cult practices included moral persuasion, economic aid, better education, social reconstruction, better communication and, as a last resort, police action. Most cult situations were resolved by a judicious combination of all these methods. Some cult leaders were taken on conducted tours of Australia to see the source and manufacture of goods. The tours proved popular, but the tourists were not easily convinced. For example, the Mint in Canberra was beyond explanation and had to be dropped from the itinerary.'

68. Downs *The Australian Trusteeship* p.65; see also Wright 'Economic or Political Development' p. 198, fn.34, who cites an August 1953 letter from anthropologist Margaret Mead to Hasluck regarding the establishment of a Local Government Council on Baluan Island, Manus District that rescued 'the constructive elements in the Paliau movement [ie. 'cargo cult': HW] and arrested what might – under other policies – be a focus of trouble and destructive activity'.

The Threats of Leisure and Wage Employment

Improving indigenous welfare required lifting household output, which under conditions of a relatively simple division of labour mainly involved increasing the numbers of workers and lengthening working hours on smallholdings. However the provision of compensation for damage to housing, livestock and gardens made increased leisure an enticing and realistic possibility which particularly arose in lowlands and islands areas. By the end of 1949, almost one million pounds Australian had been paid to indigenes in war damage compensation, with more than one million yet to be paid. A committee of enquiry formed in July 1945 by the Administration to recommend an appropriate basis for compensating indigenes was concerned about how money would be spent, stating that:

The leisure thus made available is largely spent in gambling, and it seems inevitable, unless the flow to the Islands of goods of a type which are necessary to native subsistence – garden tools, fishing tackle, etc. – is considerably increased, that the money which was intended to enable natives to replace these losses will have been frittered away before it is possible for them to do so.⁶⁹

Changes in consumer preferences, toward purchased rather than domestically produced goods, affected some Papua New Guineans' propensity to labour in household gardens. This was particularly the case among younger indigenes living close to urban centres with shops and markets.⁷⁰ Early signs that post-war conditions had opened up the possibility of more leisure rather than labour were the substantial numbers of young men seen in rural villages and some urban centres, playing cards or simply visiting friends. Some indication of the liquidity of indigenous households is given by the amount of money in Commonwealth

69. *Development of the Territories. Organisational. Report on Present Conditions in Papua and New Guinea (February 1950)* pp.8-9. Mair *Australia in New Guinea* pp.219-224. Mair notes too that compensation also furthered commercialization, as well as early attempts by indigenes to enter commerce, transportation and related activities.

70. The Administration faced the disinclination of younger indigenes, particularly those who lived in villages proximate to major urban areas, to grow rather than purchase food. Shortages of locally grown food occurred in part because 'the Hanuabadian [resident of Hanuabada village adjacent to Port Moresby: SM] had become urbanized and now refused to work gardens or permit his family to till the soil. They are now aping the Europeans...' PNGNA Accession No. 12, Box No. 3,875, File No. 1-1-4 *Plans for Native Welfare, Social Development and Economic Development, 1947-1951* 8/8/51 Minutes of Meeting of Inter-Departmental Committee on Native Development and Welfare held in Conference Room of Department of District Services and Native Affairs. However the minutes also noted the view that there was little land available to till in Hanuabada.

Savings Bank accounts. In 1950, there were 33,415 accounts with £466,050 deposited.⁷²

The prospect of more leisure rather than productive labour was especially strong in the Highlands, but for different reasons. The Highlands had provided few plantation and mine workers before World War II so the basis of concern was not that workers returning from war-service or the recently abolished indentured employment would select leisure rather than re-entering wage labour. Instead in the region where 'first contact' had only occurred within the last twenty years,⁷³ the establishment of the colonial peace reduced the uncertainty arising from warfare as well as the amount of labour-time needed to prosecute combat.⁷⁴ The increasing availability of steel tools, especially axes and shovels, also lessened the time required for many domestic tasks, particularly clearing trees and bush from land prior to cultivation and planting of crops.⁷⁵ Again potential working age males were most affected as these activities tended to be performed by males.

An immediate if limited solution to the problem of unemployment and underemployment was labouring in public works, directed by administration officials. This fitted with the increased provision of public revenues for expenditure on roads and other facilities.⁷⁶ Hawksley notes that:

72. See NAA A518/1, H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua and New Guinea (February 1950)* pp.8-9. MacWilliam 'Post-War Reconstruction in Bougainville' pp.229-230 notes how the popularity of as well as official antipathy toward gambling, sometimes for large amounts of money, continued into the mid-1950s.

73. See: Michael Leahy 'The Central Highlands of New Guinea' *Journal of the Royal Geographic Society* 1936; Leahy and Maurice Crain *The Land That Time Forgot* New York and London; Funk and Wagnalls, 1937; Anon. "A Second Kenya" in Central New Guinea: Return of Hagen-Sepik Exploring Party' *Pacific Islands Monthly* v.10, no.1, August 15, 1939:19-20; Bob Connolly and Robin Anderson *First Contact: New Guinea's Highlanders Encounter the Outside World* New York: Viking Penguin, 1987; Gammage *The Sky Travellers*

74. Ian Downs, a *kiap* [colonial official, who subsequently became District Commissioner, Eastern Highlands: SM], notes how in the immediate post-war years his predecessor George Greathead had reported that: 'Something had to be done to provide opportunities for a huge population in desperate need of some outlet to fill the vacuum which pacification had created.' 'Kiap, Planter and Politician: a Self-portrait' in James Griffin ed. *Papua New Guinea Portraits: The Expatriate Experience* Canberra: ANU Press, 1978, p.243

75. Richard F. Salisbury *From Stone to Steel: Economic Consequences of a Technological Change in New Guinea* Melbourne: Melbourne University Press, 1962

76. Griffin, Nelson and Firth *Papua New Guinea* p.102 note that in 1939-40, the Australian Government provided a mere £A90,000 to administer Papua. In the first year after the war ended, this had increased to £A505,000 for the two territories. Five years later the allocation was almost

Peace therefore created a relatively large population of surplus male labour. The administration's fear was that boredom would set in and... it attempted to soak up some labour for public and private works to prevent highlanders from reverting to warfare.⁷⁷

However, as Hawksley also emphasises, the numbers employed by the Administration were relatively small by comparison with the large populations in the Highlands. The imbalance between the number of waged jobs and the number of idle potential workers wage employed and potential labour force became ever greater as colonial authority was extended into more and more areas.⁷⁸ During 1947/48, in the Bena, Chimbu and Kainantu sub-district, with an estimated population of 250,000 people, only 2,017 were employed on a permanent and casual basis.⁷⁹ Not until the 1950s, as the road and bridge building programme gathered pace in the Highlands through the use of unpaid gangs of workers from nearby villages, did the public works programme draw more upon the available labour force (see Chapter 3 below).

Before this programme could take effect and an expansion of smallholder coffee growing occurred, however, there was a rapid exodus of Highlanders, primarily males, from the region. Other changes occurring within the Highlands increased the attractiveness of waged employment. Due to the extended commercialisation of Highlanders' existence, which had begun before the war and further accelerated during the conflict, previously valuable goods lost their appeal. The gradual introduction of a colonial currency as the principal medium of exchange increased buying and selling of recently introduced products, whose uses spread rapidly across the region.⁸⁰

£A9 million. However from 1945 to 1950, administration expenditure on all activities in PNG increased much less, from \$A601,000 to over \$A11 million, according to Downs *The Australian Trusteeship* p.122, Table 6.2. See also J.K. Murray 'In Retrospect, 1945-1952: Papua-New Guinea and Territory of Papua and New Guinea' in K.S. Inglis ed. *The History of Melanesia* Canberra and Port Moresby: RSPAS, ANU and UPNG, 1971, p.206. Converting pounds into dollars at the rate of 1:2, the gap between allocation and expenditure is striking and suggests much about Administration capacity, a point made by Downs *The Australian Trusteeship* p.37 who states: 'There was not a shortage of money, but rather a lack of method for budgeting and spending money efficiently'.

77. *ADMINISTRATIVE COLONIALISM* p.339.

78. For a detailed consideration of the process of extending colonial authority, see Hawksley *ADMINISTRATIVE COLONIALISM* pp.317-319, and below.

79. *ADMINISTRATIVE COLONIALISM* p.340

80. Ian Hughes *New Guinea Stone Age Trade* Canberra: ANU, 1977; Ian Hughes 'Good Money and Bad: Inflation and Devaluation in the Colonial Process' *Mankind* V.11, No.3, 1978, pp.308-318

Under the Highlands Labour Scheme, which formalised the movement of workers out of the region, plantations and mines in particular came to depend upon these workers. Commencing in January 1950, by June over 4,000 workers had left Goroka, the collection point from which labourers departed. A further 5,000 were assembled, waiting to leave. By June 1951, of the 8,400 workers who had left the district, less than 1,000 went for employment with the colonial administration and the remainder to work on plantations, primarily in Madang and New Britain.⁸¹

Recruitment continued during the 1950s and 1960s. As smallholder production of crops expanded, recruiters had to move further and further into highland areas, where no coffee or other commercial crops were grown, to sign up workers. Going away to work on plantations for a contracted period, usually two years at a time, became a rite of passage for many young highlanders, and a means of acquiring consumption goods, including bride price payments.⁸² The immediate attraction of leisure and ceremonial activities, while not disappearing and in some instances even blossoming during the next two decades,⁸³ added to the challenge that wage employment posed for a colonial administration attempting to bring development. Neither leisure nor migration as wage workers suited official plans for increasing smallholder production. In the 1950s, a more desirable solution was found (see next Chapter).

Turning the Highlands into the next major labour frontier threatened household existence and the dissolution of community, especially if males left the region for employment in coastal and islands areas.⁸⁴ Highlanders leaving for coastal and island areas of the colony where illnesses were found which were not common at higher altitudes also caused official concern. The threat increased the already

81. The figures are from Hawksley *ADMINISTRATIVE COLONIALISM* pp.341-342.

82. See Paula Brown *The Chimbu: a study in change in the New Guinea Highlands* London: Routledge and Kegan Paul, 1973, p.27; also cited in Hawksley *ADMINISTRATIVE COLONIALISM* p.342

83. Cf. Chris Gregory *Gifts and Commodities* London: Academic Press, 1982

84. Francis J. West 'Colonial Development in Central New Guinea' *South Pacific* v.9, no.2, September-October 1956, p.308. Worsley *The Trumpet Shall Sound* p.196 makes the same point.

substantial attention being paid by the post-war colonial administration to indigenous health.⁸⁵

However not all the uncertainty about the most desirable direction of development policy arose because of the indecisiveness of the colonial government, the extent of the war damage and the pressure for a further expansion in plantation production. The war and some post-war conditions also stimulated shifts in indigenous agriculture, including by ambitious indigenes who wanted to expand their activities further using wage and other forms of employed labour. During the initial post-war years, sorting out which 'native interests' would be 'paramount' and which form of indigenous production should receive administration backing was not settled immediately or easily.

Changes in Indigenous Agriculture

Pre-war indigenous growers had produced copra for international markets, as well as sold coconuts and other produce into village and nearby urban markets.⁸⁶ The European administrative, mission and commercial presence had begun to encourage major changes in production and exchange, not least by increasing supplies of shells used as a medium of exchange and store of value.⁸⁷ One effect of this pre-war increase in commerce was to enlarge the space occupied by

85. In early 1950, the Department of Public Health noted that: 'The greatest advance [in prophylactic health measures: SM] was to establish an active anti-tuberculosis team who are using the B.C.G vaccine on a mass scale in the Central Highlands, thus allowing the recruitment of labour and so increasing the economic potential and doing as little harm to these completely non-immune people.' NAA A518/1, H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua and New Guinea (February 1950)* Appendix E A Report on the Present Position of the Department of Public Health p.1. See also Hawksley *ADMINISTRATIVE COLONIALISM* p.341

86. The particulars of indigenous sales of copra in the inter-war years are difficult to establish. Apart from the lack of official attention, much of this production was sold to nearby plantations for on-sale to trading firms. Selling to plantations conceals the amount of exported copra that came from indigenous growers. See M.A. Wheeler, M.A. Sackett and D.R.J. Densley *Coconuts Agriculture in the Economy A Series of Review Papers* Konedobu: Department of Primary Industry, n.d., p.5.

87. Hawksley *ADMINISTRATIVE COLONIALISM* p.263 notes how from the end of the nineteenth century Tolai growers supplied German plantations with local produce, including vegetables. On the inter-war years, see Hughes *New Guinea Stone Age Trade*, and Hughes 'Good Money and Bad'; A.J. Strathern 'Political development and problems of social control in Mt Hagen' in R.J. May ed *Priorities in Melanesian Development* Canberra and Port Moresby: RSPAS, ANU and University of Papua New Guinea, 1973, pp.73-82, esp. pp.73-74

indigenous capitalists, who joined trading with producing crops for sale to the colonial administration, missions and expatriate plantations.

For areas of the country outside the immediate war zones, the military conflict accelerated commercialisation of indigenous agriculture. Military bases and administration centres populated by Allied and ANGAU personnel required large amounts of food, not all of which could be imported. With substantial numbers of indigenes removed from villages for employment as carriers, soldiers and other essential personnel, the demand for purchased food supplies expanded. Where the occupying Japanese military engaged in growing rice and other produce, a demonstration effect in agricultural practices and new crops flowed over to village producers.

Indigenous growers responded in two intersecting ways to post-war shortages and increased demand for their produce in PNG and abroad. Firstly, there was a spontaneous surge, which was especially prominent in but not confined to vegetable production for missions, administration centres and remaining military bases. In late 1952 an Australian Senator who toured PNG and subsequently made recommendations to Department of Agriculture, Stock and Fisheries officials in PNG pointed out that:

The vegetable production on the Highlands for such areas as Port Moresby, Lae and Madang, has already reached their peak and many thousands of pounds come out weekly. The Armed Forces personnel in Manus are also supplied from the Central Highlands and the local islands there.⁸⁸

The activities of wealthy indigenes were vital for the surge. Many accumulated capital from their return on growing and processing crops for domestic and international markets. The early efforts by administration officials to encourage and supervise indigenous growers were also important. These efforts accelerated recognition of the fact that there were two principal forms of indigenous production and the Administration would have to restrain one while advancing the other. As

88. PNGNA Accession No. 12, Box 3893, F/N 1-1-94 *Planning and Development Part 1 1949-1952* REP Dwyer, Director, DASf to Government Secretary 'Recommendations made by Senator A.M. Benn after a visit to the Territory of Papua and New Guinea' p.3

part of the general drive against extending plantations and increasing wage employment, indigenous largeholdings would subsequently have to be restrained. Initially at least distinction amongst indigenous growers was not critical for colonial policy. Instead, the early post-war growing, processing and marketing of rice and cocoa illustrate how indigenous ambitions and initial colonial efforts to encourage 'native interests' intersected.

Rice

Prior to World War I, plantations and missions in New Guinea were already heavily dependent upon rice to feed labourers and others.⁸⁸ While there had been minor attempts to grow the grain in New Guinea, one as early as 1903,⁸⁹ the bulk of rice consumed was imported from Asia. In 1918, the Native Plantations Ordinance came into effect in Papua with the intention, in part, of 'mak(ing) the Territory self-supporting as regards rice'.⁹⁰ In reporting another, largely unsuccessful, drive during the 1920s Lieutenant Governor of Papua Sir Hubert Murray stated that the aim had been to make the 'Territory self-supporting in rice'.⁹¹

Between the wars, 'rice cultivation [in the Mekeo area] was encouraged by the Papuan administration and the Roman Catholic Mission of the Sacred Heart.'⁹²

88. Rowley *The Australians in German New Guinea* p.6 notes a December 1914 report from Colonel William Holmes, the head of the Australian Naval and Military Expeditionary Force which occupied the German colony, to the Australian Minister for Defence, G.F. Pearce. The report states in part: 'When the War broke out the white Planters were called to join the Defence Force, consequently the native labourers on the plantations were left to themselves, and at once ceased to work. To make matters worse, food supplies ran short in consequence of trade steamers having stopped sailing, and in many cases natives were almost starving as they depended mostly upon rice.'

89. Hahl *Governor in New Guinea* p.100. It seems likely that the first planting in Papua was in 1891, of seed brought from the Philippines and grown at the Beipa mission station by a missionary from the Catholic Mission at Yule Island, north of Port Moresby. See Peter R. Hale *Rice Agriculture in the Economy A Series of Review Papers* Port Moresby: Department of Primary Industry, c.1977, p.7

88. Hale; *Rice*, p.7

91. Cited in Gordon Dick and Bob McKillop *A Brief History of Agricultural Extension and Education in Papua New Guinea* Extension Bulletin No.10 Port Moresby: Department of Primary Industry p.17.

92. F.J. Jeffreys *The Mekeo Rice Project* Unpublished MA Thesis, Port Moresby: Economics Department, University of Papua New Guinea, 1974, p.20. Bryant Allen details other rice growing stimulated during the inter-war years under the Native Plantations Ordinance in northern Papua: 'The North Coast Region' in Donald Denoon and Catherine Snowden eds. *A time to plant and a time to uproot: a History of Agriculture in Papua New Guinea* Port Moresby: Institute of Papua New Guinea Studies for the Department of Primary Industry, 1981 p.112. See also Crocombe *Communal Cash Cropping Among the Orokaiva* p.11.

Initially production increased under considerable administration supervision and enforcement of Native Regulations requiring agricultural production. Although official supervision was withdrawn in the 1934-35 production year, the Catholic Mission stepped in to purchase rice that was surplus to domestic consumption and paid spot cash. Production peaked at between 300 to 400 tons in 1936-37, and slumped thereafter.⁹³

During World War II, the military controlled Australian New Guinea Administrative Unit (ANGAU) attempted to produce much needed supplies in the Mekeo flood-plain, north of Port Moresby. The Japanese also tried to increase local supplies of rice, with substantial compulsory schemes in New Britain and New Ireland,⁹⁴ and small plots on Bougainville.⁹⁵

In February 1944, Major W. H. H. Thompson, District Officer, Lakekamu who was responsible for increasing rice growing in ANGAU-controlled territory noted how labour intensive was the method currently being employed on village holdings in the Mekeo. Thompson also indicated the extent to which mechanisation was employed, how this increased output and how ANGAU had made limited use of compulsion. In 1944, mechanisation was extended from planting to harvesting,⁹⁶ and rice growing provided not only food for household consumption but also for trade. Thompson concluded optimistically:

[I] cannot see why in the future perhaps a district, or the whole Territory, should not be self-supporting as far as rice is concerned.⁹⁷

93. Jeffreys *The Mekeo Rice Project* p.22

94. Hale *Rice* p.7; T.S. Epstein *Capitalism, Primitive and Modern: Some Aspects of Tolai Economic Growth* East Lansing: Michigan State University Press, 1968 p.60

95. John Connell *Taim bilong mani: The evolution of agriculture in a Solomon Island society* Development Studies Centre Monograph No.12 Canberra: The Australia National University, 1978, pp.67-68

96. Hale *Rice* p.13, concludes that as a result of the war-time experience: 'The Mekeos have never looked back to manual production'.

97. NAA A9372/1, Vol.3 ANGAU. [Australian New Guinea Administrative Unit]. *Conference of Officers of Headquarters and Officers of District Staff. Port Moresby 7-12 Feb. 1944 Papers and Discussion*. Major W.H.H. Thompson 'A Paper on Rice Cultivation'; also noted in Jeffreys *The Mekeo Rice Project* p.134. Cf. Thompson's account with that provided by Rolf Gerritsen, 'Aspects of the political evolution of rural Papua New Guinea: towards a political economy of the terminal peasantry' in Gerritsen, R. May and M.A.H. Walter *ROAD BELONG DEVELOPMENT. Cargo Cults, Community Groups and Self-help Movements in Papua New Guinea*. Working Paper No.3 Canberra: Department of Political and Social Change, RSPAS, The Australian National University, August

However with the end of hostilities, a 'sharp decline both in interest [regarding rice growing in the Mekeo] and acreages occurred in the 1945-46 and 1946-47 seasons'.⁹⁸ Revitalization of rice growing in the Mekeo flood plain did not occur until 1948 when, as happened elsewhere in the colony, Administration concerns and indigenous efforts were at least temporarily united in a brief period of high prices and global shortages. However the union brought to the fore tensions over how substantial the administration's role should be, whether there should be a complex division of labour, increased by mechanization, and whether yields could ever be substantial enough on a flood plain with unpredictable rainfall using dry land cultivation methods.⁹⁹ While these tensions became more apparent from the early 1950s, the initial post-war revitalization of rice growing took place in a manner which contained all the elements of the later turmoil.

John Connell has described how in 1948, in Siwai in southern Bougainville, there was the 'first government effort at agricultural extension' in the area. The actions involved supervising rice plantings at two villages in order to produce seed for further plantings.¹⁰⁰ The 1949-50 estimates for the colony's Department of Agriculture Stock and Fisheries (DASF) indicate the scope and nature of the Administration's post-war ambitions regarding research and extension activities designed to increase rice production. Eight district agricultural stations and two sub-district agricultural stations had either commenced and intended to continue activities, or were initiating work. At Madang, Sohano, Popondetta, Beipa and Aitape work had begun, while at Lae, Bainyik via Maprik, Manus and Buin the estimates projected that 'rice experiments [were] to be initiated' or 'rice [was] to be introduced'.¹⁰¹

1981,p.39; Bob McKillop in Dick and McKillop *A Brief History of Agricultural Extension* p.21; and Hale *Rice* p.21 .

98. Jeffreys *The Mekeo Rice Project* p.27

99. Then, as now, the bulk of the world's rice is grown as wet land produce, in flooded irrigated fields, by smallholders and industrial largeholders. See Chapter 5 below.

100. *Taim bilong mani* p.92, but compare with the subsequent claim that (p.100) '(t)here was no official administration interest in the general expansion of rice growing in New Guinea until after 1952 although there were then odd pockets of development in Madang and Sepik.'

101. See NAA A518/1, G927/4 *Economic Development of the Territories-Commodities-Rice* 11/5/50 F.G.G. Ross to First Assistant Secretary, Department of External Territories 'Rice Production: Papua New Guinea'. Michael Bourke has emphasized the importance of the research effort which

In each case where substantial efforts were made to produce rice, it was the local class of capitalists and would-be bourgeois that initially led moves to expand indigenous production. While these moves fitted within the general rubric of 'the paramountcy of native interests', colonial officials were cautious about encouraging any advance of such a class. Shifting indigenous rice growers from Rural Progress Societies to cooperatives with close official supervision of financial contributions from members, other income and expenditure, became one means of limiting the siphoning off of funds for individual accumulation. But it was harder to supervise the uses to which administration-provided machinery, tractors, harvesters and mills were put.

Initially rice played a significant role in the commercial advance of local businessmen,¹⁰² including in southern Bougainville, where linking trade and production was integral to their post-war activities.¹⁰³ However by the mid-1950s, rice growing declined as a cash crop in southern Bougainville. The decline occurred in the face of crop disease, the rise of a superior source of income and revenue, cocoa growing, and ultimately the long-term decline in world prices for the grain. However even as it ceased to provide income or revenue returns commensurate with those available from other produce or wage labour, rice

went into producing rice strains suitable for PNG, and particularly village dry land conditions. He notes that of agronomic food trials conducted between 1928 and 1978, trials on rice (234) constituted between one fifth and one-sixth of all trials (1228) and exceeded those conducted on any other crop. See Bourke *Agronomic field trials on food crops in Papua New Guinea 1928 to 1978* Technical Report 82/3 Port Moresby: Department of Primary Industry, 1982, pp.7-8. Dr Bourke's figures do not include any trials conducted during the first five years after the war. Although the exact extent of trialling for rice during the immediate post-war years is unknown, it is certain that the number calculated by Dr Bourke would be considerably increased if figures for the period 1946-1951 were available. (I am indebted to Dr Bourke for an exchange of correspondence in March 2009 which makes it possible to be sure of the accuracy of this claim.)

102. Bryant Allen 'The Importance of Being Equal: the Colonial and Post-Colonial Experience in the Torricelli Foothills' Paper prepared for the Wenner-Gren Foundation for Anthropological Research Symposium No. 95 Sepik Research Today: the Study of Sepik Cultures in and for Modern Papua New Guinea, held in Basel, Switzerland August 19-26, 1984, p.16. Epeli Hau'ofa *Mekeo: Inequality and ambivalence in a village society* Canberra: ANU Press, 1981, p.19 describes the presence of profitable commercial rice farming and farmers in the Mekeo in the early 1970s, who sold the crop to local consumers through trade-stores.

103. North Solomons Provincial Government Archives Buin Patrol Reports *Report No.4, 1952/53 Patrol to Kono Paramountcy* p.2; also cited in MacWilliam 'Post-war Reconstruction in Bougainville'; see also Connell *Taim bilong mani* pp.199-200

entered into necessary consumption to such an extent that households continued to grow it for immediate non-marketed purposes.¹⁰⁵

Straddling, between higher wage and salaried employment, and accumulation through rice production was also a feature of indigenous efforts in other regions of the colony. A well known instance occurred in the Sepik, according to Hale 'a result of self-help agricultural extension'.¹⁰⁶ Bryant Allen explains the origins of post-war rice growing in East Sepik as a consequence of men from the region serving alongside 'Rabaul natives' in 'carrier-lines, plantation and vegetable garden labour gangs, the para-military police and the newly formed Papuan Infantry Battalion, in which Papuans and New Guineans were mixed for the first time since Britain and Germany had divided the eastern end of the New Guinea island as colonies.' Allen continues:

Men from the Sepik who served in these units heard talk about 'Kampani', a new form of organisation which was thought to resemble the social and political organisation of Europeans who 'worked together' to achieve wealth and did not fight among themselves as did Papua New Guineans. 'Kampani' also seems to have been closely associated with rice.¹⁰⁷

A similar impetus behind post-war Sepik rice growing came from Pita Simogun of Dagua village, west of Wewak. Having trained during the war in Australia for guerrilla fighting in New Britain, Simogun encouraged police in Port Moresby to 'return to their villages after the war to initiate "bisnis" enterprises, using whatever cash crops would grow best in their respective areas.' With funds contributed from war damage compensation, in 1947 he established the Dagua Rural Progress Society. Concludes Allen: 'Simogun planted rice, peanuts and coffee at Dagua, but rice grew better than peanuts and became the major annual crop of the cooperative in 1948 and 1949.'¹⁰⁸

105. North Solomons Provincial Government Archives Buin Patrol Reports *Report No.10 1959/60 Patrol to Eastern Paramoutcy of Buin Sub-District* p.9.

106. Hale *Rice* p.9

107. Allen 'The North Coast Region' p.115

108. Allen 'The North Coast Region' p.116

This venture had considerable influence in nearby and distant areas. By using the ex-policemen network, Simogun was able to affect activities beyond the Sepik District, including the Erap Mechanical Farming Project in the Markham Valley, where the main crops grown and marketed became - after a failed attempt to grow and sell rice - sweet potato and peanuts.¹⁰⁹

In 1948, the same year as government extension activities were to expand into southern Bougainville, officials in Port Moresby received a request from a prominent indigene in the Mekeo. An official of Inauaia village asked for government assistance to obtain a rice mill, in order to 'start their industry'. The request was made to the first post-war Director of the Department of Agriculture, Stock and Fisheries, Cottrell-Dormer, then on an inspection tour of the area. (Cottrell-Dormer had been involved in the 1947 Nutrition Survey, as a member of the central Nutrition Survey Planning Committee, considered above.)¹¹⁰

Rice production at Inauaia, and at least another six adjoining villages, was tied to the first flowering of Rural Progress Societies in the area. Extension centres were created at Anabunga and Beipa to facilitate hiring out of machinery to the Rural Progress Societies 'to enable them to cultivate commercial holdings of rice'. For the 1950 season about 80 acres of indigenous plantings were harvested, with about half of this area planted using machinery. 'The native people were enthusiastic at first, but were disappointed when the monetary return from the first season's crop was small'. 'By 1951 rice mills had been set up in six villages and an agricultural research station had been established to investigate mechanisation, variety selection and to carry out research into pests and diseases'. Although there was further expansion over the next two seasons, by 1953 'it was apparent...that

109. R.G. Crocombe, R.G. and G.R. Hogbin *The Erap Mechanical Farming Project* Research Bulletin No. 1 Canberra and Port Moresby: New Guinea Research Unit, ANU, 1963, reprinted July 1968

110. NAA Department of Territories A452/1, 1958/628, *Mekeo Rice Project P & NG 11/61* Paul Hasluck to Master Roger Barker

the project was rapidly declining', and needed reform (of which more in Chapter Five).¹¹¹

The official departmental analysis drawn upon by the Territories Minister Hasluck under-states the extent to which mechanisation requirements increased for the post-war Mekeo Rice Project. A more accurate assessment was made by Cottrell-Dormer, who resigned in 1950 as Director of Agriculture to become Regional Agricultural Officer in charge of the project. In a bitter critique of an article about the Mekeo Project being prepared by Professor O.H.K. Spate of The Australian National University,¹¹² Cottrell-Dormer succinctly explained why the project had taken the direction of greater mechanisation. He said:

Full mechanisation in rice production is the objective because only in this way can the great potentiality of the fertile flood plain be exploited with the existing population density and available labour.¹¹³

Attempting to utilise a fertile flood plain, subject to extensive flooding as well as long periods of hot weather without rain,¹¹⁴ brought its own special problems if mechanisation was to be extended to soil preparation, planting, and harvesting as well as milling. When the Mekeo people were disinclined to work in collaborative endeavours, for either Rural Progress Societies or later for cooperatives, hiring of equipment became necessary for nearly every aspect of rice growing on even the

111. Quotations in this paragraph are from NAA Department of Territories A452/1, 1958/628, *Mekeo Rice Project P & NG 11/61* Paul Hasluck to Master Roger Barker, which was a letter the Minister wrote to a schoolboy who had asked for information about rice production in PNG.

112. O.H.K. Spate 'Changing native agriculture in New Guinea' *The Geographical Review* V.43, No.2, 1953, pp.151-172; with an extract from this original article published as: 'The Rice Problem in New Guinea' *South Pacific* November-December 1953, pp. 731-736.

113. PNGNA Department of Primary Industry AN 12, BN 3,901, FN 1-2-6(D) *Mekeo Rice Project 4/7/52* W. Cottrell-Dormer to Professor O.H.K. Spate. Cottrell-Dormer was almost certainly referring to Spate's *South Pacific* article when he said, in a letter written on 31/7/52 to another ANU academic Cyril S. Belshaw, who had sent reprints of three recent publications, that: '...I think your article is a very good one and useful to us here as it does draw attention to possible pitfalls and weaknesses-and not like one other recently (which) contribute(d) nothing of any use whatever.' The labour problem to which the Director refers was in part a function of the desire for leisure and ceremonies among Mekeo, the pull of wage employment in Port Moresby and the availability of higher priced alternative crops which could be sold in the main administrative and commercial centre.

114. Hale *Rice* pp.13-14 concludes regarding the attraction of the Mekoe area for rice growing, stating: 'Overall there is the recurring theme that rice can be easily grown because rice has been grown, and superficial examination(s) of the climate and terrain have not driven home the unpredictability of the rainfall.'

smallest holdings.¹¹⁵ In 1954, the Agronomist-in-Charge of the Epo Experiment Station pronounced that as far as rice production in the Mekeo was concerned 'the impetus has...shifted from peasant to mechanised production'.¹¹⁶

As is shown in Chapter Five, even this shift and the associated substantial administration resources involved did not bring a major continuing increase in the production of rice. Rice growing elsewhere in PNG did not raise the same problems for the colonial administration, or receive as much attention and resources as in the Mekeo, but in these areas output also remained low. Instead imports increased substantially to meet a rapidly growing demand, and the objective of colonial, then national self-sufficiency was never achieved.

Spate claimed that:

the Mekeo has to some extent primed the pump for other schemes. Indeed, the Mekeo and the Gazelle Peninsula rank as the Territory's experimental forcing houses for native agriculture'.¹¹⁷

The rider 'to some extent' is critical. As will now be shown for cocoa, the parallels between the crops, the populations and areas of the country are very limited. Most importantly for this account (see Chapters Three, Five and Six), compared to its promotion of rice production, the Administration's subsequent role in extending smallholder production and fitting the growing, processing and marketing of cocoa and also coffee into the agrarian doctrine of development was much more effective.

Cocoa

Since at least the beginning of the twentieth century, cocoa has been grown as a plantation crop in PNG.¹¹⁸ During the inter-war years, some plantation owners

115. James McAuley was an early important critic of the direction being taken by rice growing at Mekeo. For his objections, publicly aired after Territories Minister Hasluck took office, see 'Mechanization, Collectives and Agriculture' 'Mechanization, Collectives and Native Agriculture' *South Pacific* April 1952, pp.276-281.

116. NAA Department of Territories A518/1 AR927/4 *Development. Papua & New Guinea. Rice-Research 7/9/54* T.Sorensen 'Rice Improvement in Papua and New Guinea'

117. 'The Rice Problem in New Guinea' p.735.

118. Cf. Firth 'The New Guinea Company' p.367 which points to a cacao plantation operating in 1891, while D.R.J. Densley and M.A. Wheeler *Cocoa: Agriculture in the Economy A Series of*

began to inter-plant the crop with coconuts. The leaves of the tall palm trees reduce the amount of sunlight that reaches the ground, which in turn checks the growth of weeds around the cocoa bushes and cuts maintenance costs. Inter-planting spread among plantations, although the availability of unplanted land on many largeholdings before the war meant that some of the largest firms engaged in sole planting of bushes as well. While there was little planting of cocoa by indigenes before World War II, the ability to inter-plant bushes subsequently made the crop especially suitable to indigenous growers with limited land who retained coconut palms for immediate consumption needs as well as cash incomes from marketed nuts and copra.¹¹⁹

During the war, most of the cocoa bushes were destroyed and there was widespread damage to coconut trees. Some stock survived and soon after the military conflict ended, administration officials began to distribute planting material collected from the Lowlands Agricultural Experiment Station at Keravat,¹²⁰ from Rabaul Botanic Garden and Asalinga Plantation to plantations and some indigenous growers.¹²¹ The stock was of the Trinitario type, higher yielding and more vigorous by comparison to the Forastero type then growing in West Africa. By using local stock, officials were aware that the post-war expansion would not be affected by the swollen shoot disease which had already substantially reduced

Review Papers Port Moresby: PNG Department of Primary Industry, n.d. c.1978, p.2 suggest that the crop was introduced to PNG around 1905 by German settlers.

119. Richard Salisbury *Vunamami: Economic Transformation in a Traditional Society* Berkeley and Los Angeles: University of California Press, 1970, p.14

120. Anon. *Lowlands Agricultural Experiment Station Keravat, Papua New Guinea 1928-1978* Rabaul: Trinity Press, 1978, p.2

121. An early indication of the extensiveness of the Administration's aims for cocoa growing in PNG is given in the following assessment of suitable growing areas. Drawing upon plantation experience growing cocoa as well as research conducted in the inter-war years, an agricultural official concluded that cocoa grew best up to 1,400 feet above sea level, in areas protected from strong winds. The 1947 report indicated that 'the geologically newer soils...situated on the islands of New Britain, Bougainville, Witu Islands, and Kar Kar Island were most suited to cocoa cultivation. These are still the best cocoa areas available. It has since been ascertained, however, that cocoa thrives very well on the mainland of New Guinea eg such as the Markham, T.N.G. and Dobodura, Papua...Cocoa has been found to flourish fairly well on soils derived from raised coral such as where a number of T.N.G. coconut plantations are situated on New Ireland. The importance of the selection of the correct type of land in suitable areas...cannot be stressed too much'. R.E.P. Dwyer *Cocoa Production Territory of Papua-New Guinea Part 1 The Economics of Cocoa Production* Port Moresby: DASF, July 3, 1948, p.1.

cocoa output in Ghana and other nearby countries.¹²² Furthermore Trinitario formed the basis for fine and flavour cocoa, for many years regarded as superior to the bulk Forastero cocoa, which was used for milk and drinking chocolate.

The decision to use Trinitario stock for the post-war expansion was not solely due to availability and its swollen shoot free status. It has already been noted above that colonial officials in Australia were in regular contact with cocoa traders and manufacturers. The Australian manufacturers sourced most of their cocoa from West Africa. With the swollen shoot disease and anti-colonial eruptions in Ghana adding to post-war shortages, they were concerned to secure other sources of cocoa. In 1946, it was predicted that shortages in international supplies would reach about 200,000 tons and a price increase for 1947 of 150%. The prediction prompted Australian manufacturers to raise the possibility that employment in the local confectionery industry would decline. It was in these circumstances that proposals were advanced for a major expansion of largeholding production in PNG (discussed above). Neither the recommendation to extend plantations,¹²³ nor the attempts by Australian manufacturers to influence what type of cocoa would be grown in the post-war expansion,¹²⁴ were welcomed or acted upon by the Australian government.

122. Swollen shoot continues to be of major concern to cocoa growers in these countries. See <http://allafrica.com/stories/200811280432.html>. As of late 2008: 'The disease accounts for about 15 per cent of the total global loss of the crop. Taking this in terms of the 2007/08 crop output of about 3.7 million tons, the disease would account for the loss of approximately 550,000 tons throughout West Africa'.

123. NAA A518/1, A58/3/3, *Commodities-Cocoa Papua and New Guinea Proposals for Development*. Undated W Cottrell-Dormer, Director, DASf to Secretary, Department of External Territories p.1. Cottrell-Dormer was responding to an April 30, 1946 letter from Mr McLure, the lobbyist for the Australian confectionery industry cited above, written to the Minister for External Territories Ward, which pushed for government support to further develop existing plantations 'and to aid in the planning and establishment of new plantations'. The Director was strongly opposed to indigenes becoming 'a race of wage-earners dependent upon European industry for their livelihood and losing the greater part of their native-self-reliance'.

124. The direction of attempted influence was not always from the metropole to the colony. In his 1948 assessment of the economics of cocoa production, the DASf official noted that while between 80-87% of the Australian cocoa requirements was for bulk cocoa, which was imported from West African 'Accra cocoa', the remainder was 'fine' cocoa from Ceylon, Java, Trinidad and Samoa. Dwyer proposed that 'Australia should aim to utilise a bigger percentage of fine cocoa, and New Guinea at producing this grade'. *Cocoa Part 1*, p.1. Dwyer also pointed out that West African cocoa 'was native grown produce'.

The manufacturers, who had imported very little PNG plantation cocoa pre-war, wanted the post-war administration to push the production of bulk cocoa for their requirements.¹²⁵ In an early instance of a clash between Australian manufacturing and colonial administration objectives, agricultural officials in PNG rejected this proposal. Not only did Trinitario 'trees come into bearing 6-12 months earlier than is usually experienced in any other country'. On the light pumice soils around Rabaul, yields were considerably higher than for Forastero, the basis of 'Accra cocoa'.¹²⁶

Strengthening the local officials' position even further, there was a price advantage to be gained by selling into continental Europe rather than to Australian markets. In European markets fine and flavour cocoa which formed the base for bitter rather than sweeter milk chocolate was preferred. Although only forming a small proportion of the world market, fine and flavour cocoa – then produced from Trinitario – was in high demand. Selling to this important potential market would also reduce PNG producers' reliance upon and subjection to the Australian manufacturers.

The position taken by local officials, to target the fine and flavour market with the use of Trinitario stock was strengthened by support received from Colyer Watson, one of the principal exporters of PNG cocoa. Although largely a purchaser of plantation cocoa, when only a small number of indigenes had bearing bushes, the firm was already looking to a future of substantially increased production and exports. In October 1950, five months before the letter from Richardson, just cited, the exporting firm's principal R.A. Colyer wrote to the Secretary, Department of Territories about a recent successful trip to the UK. Drawing attention to previous unsatisfactory treatment of PNG cocoa by 'Australian users', Colyer stressed the importance of making:

125. NAA A1422, 12/2/11 Part 1 *New Guinea and Papua-Cocoa 1938-52* 19/3/51 Fred B Richardson, for Cadbury-Fry-Pascall Type of Cocoa Which Should be Grown 'I would strongly recommend that you concentrate [for PNG] on the development of a good quality bulk cocoa which would command satisfactory rates in world markets as well as in Australia. If this were done I think lines of research should tend towards improvement of yield rather than to development of characteristic flavour'.

126. Dwyer *Cocoa Production* Part 1, p.3

...our beans better known to the world...where New Guinea beans... had a considerably higher value [than that placed on them previously by the Australian Confectioners' Association]. We must keep on shipping these beans so that the world's markets will get to know them as a 'special bean' so that when production increases the planter will derive the benefit of their full value'.¹²⁶

As an especially astute commodity trader, Colyer is likely to have known not only that plantation owners were beginning to include cocoa in their post-war rehabilitation plans, but also that the Administration was giving priority to increasing indigenous production of the crop. With the company's main buying office located in Rabaul, Colyer could hardly have missed the attraction of the crop for wealthy Tolai on the Gazelle Peninsula, East New Britain, who were adding another dimension to their already substantial commercial activities.

Important accounts of the early post-war move into cocoa by Tolai growers, provided by Salisbury and T. Scarlett Epstein, provide very similar descriptions for Vunamami, near Rabaul, and Rapitok, also on the Peninsula but at the frontier of Tolai settlement.¹²⁷ With the encouragement of DASF officials, wealthy and influential Tolai were the first to embrace cocoa. These individuals often had unplanted land and the capacity to mobilize labour from 'clan dependants'.¹²⁸ While there were important differences in the sources of the wealth for these Tolai in Vunamami and Rapitok, their similarities are what matters for this account.

In the case of densely populated and relatively affluent Vunamami, with a long history of contact with European owned plantation and administration personnel, the first planter was a senior political figure who grew cocoa on his own and his wife's clan lands in the neighbouring Balanatam and Vunamami villages. Apart from the first planter, Salisbury notes that:

The early growers were for the most part landed and progressive older men; others were drawn in only after 1953-1954 when the early planters began reaping large returns from cash sales.¹²⁹

126. NAA Department of Territories A518/1, A58/3/1 *Cocoa-Papua and New Guinea, Research General* 22/10/1950 R.A.Colyer to Secretary Halligan.

127. For a recent account, see Michael H. Lowe *Smallholder Agrarian Change: the experience in two Tolai communities* Ph.D.Thesis Canberra: ANU, 2006, especially Chapters 4-6

128. *Vunamami* p.136

129. *Vunamami* pp.135-136

In Rapitok, the critical initial source of wealth utilized for cocoa cultivation had been previous migration to work on plantations. Once again, there was a flow-on effect from the activities of the first planters to other returned migrants and then more widely to other indigenes. As Epstein states:

One of Rapitok's migrants, who is the most enterprising and also the wealthiest man in the parish, was the first prepared to experiment with planting cocoa [in 1948]...before the first trees began to bear, a number of migrants had followed the example and also planted cocoa. The Rapitoks were selling copra in the meantime and encouraged by these earnings they were prepared to extend their investment in perennial cash crops.¹³⁰

The rapid adoption of cocoa by Tolai who planted substantial acreages and others who grew a few trees meant that Director of Agriculture Cottrell-Dormer's preferred position for the best form of indigenous production became irrelevant for official policy toward cocoa growing on the Gazelle. His preference was for 'the development of Government plantations on behalf of the natives, ie. on the natives' land and for the purpose of handing over to native ownership in the shape of co-operative societies in the future' utilizing European management. Even though Minister Ward agreed with the rejection of proposals for more largeholdings, Cottrell-Dormer's favoured direction was never applied, for cocoa or any other crop.¹³¹ Instead the spontaneous process of development, with Tolai bourgeois and would-be bourgeois to the fore, initially out-ran official planning and capacities. Only in the 1950s, under a new Minister and strengthened state machinery was cocoa production placed at the centre of the scheme of smallholder production.

Conclusion

The immediate post-war period in PNG was marked by a particular form of uncertainty. While by 1945 the Australian government and influential colonial officials were agreed on a general direction for post-war development, 'positive

130. *Capitalism, Primitive and Modern: Aspects of Tolai Economic Growth* pp.60-62

131. NAA A518/1, A58/3/3, *Commodities-Cocoa Papua and New Guinea Proposals for Development*. Undated W Cottrell-Dormer, Director, DASf to Secretary, Department of External Territories p.1. Cottrell-Dormer was responding to an April 30, 1946 letter from Mr McLure, the lobbyist for the Australian confectionery industry cited above, written to the Minister for External Territories Ward, which pushed for government support to further develop existing plantations 'and to aid in the planning and establishment of new plantations'.

Australianism' was little more than a vague statement indicating a preferred direction. Subsequently, between 1945 and 1950-51, in the circumstances of post-war reconstruction and rehabilitation, it continued to be hard to shape development in ways which would flesh out what was intended. Instead securing barriers against the return of what had been seen as destructive in the circumstances of pre-war PNG, and surmounting some of the most deleterious effects of the military conflict dominated official activities. Despite the best of intentions to bring development, only tentative moves along the intended route had been made, including in areas of the country and among populations previously only loosely included in the colonial territory.

All this was to change from the early 1950s, to the extent that just over a decade later the dominance of smallholder agriculture was firmly established. The colonial administration's part in securing this ascendancy, which improved living standards for most of the population, was central. Of particular importance for the change was the political dominance of the Australian Minister for Territories, Hasluck, and the Department in Canberra. Unlike Ward, ideologically certain but little involved in giving effect to his beliefs, Hasluck focused his energies on gaining control of, and revitalizing the colonial administration. With power centralised, and detailed consideration given to how the main premises of development thought could become policy, the Minister drove major reforms. The change from uncertain development to the central policy direction of even or uniform development was pronounced, as the next chapter shows.

Chapter Three

Uniform Development Framed, Implemented and Challenged

Introduction

During the 1950s uncertainty was replaced by a well-defined strategy to make development happen. The most important consequence of colonial development policy over the decade was a substantial expansion of smallholder agriculture and commercialised consumption by households. The change from the uncertainty of the immediate post-war years occurred through an enlarged, better resourced administration following a policy direction which came to be known as uniform or even development.

Uniform development built upon the policy priorities established during and immediately after World War II, discussed in the previous chapters. While the language of development policy changed, to the extent that the terms 'positive Australianism' and 'the paramountcy of native interests' largely disappeared from official discourse, the main elements of each remained influential. Bringing development, rather than letting it happen spontaneously, remained the central premise of official policy. Neither did the December 1949 defeat of the Labor government and a decade of Liberal-Country Party governments bring the shift against 'native interests' which some anticipated. Instead the important changes which occurred during the 1950s expressed considerable continuity in the idea of development which informed Australian policy for PNG. The first section of this chapter shows how even as a major political change occurred in Australia, there was no break in either the previous emphasis upon the importance of state action for intentional development. Nor did the principal focus of government plans, increased production and consumption by indigenous households attached to rural smallholdings, change.

The second section of the chapter considers how, during the 1950s, intentional development was defined as even or uniform development so that it could become

effective.¹ This form of development had three inter-connected policy pillars. The first emphasised measures to encourage greater homogeneity among the indigenous population. The second focused upon the comprehensiveness of administrative action throughout the colony, particularly coordinating and supervising smallholder agriculture using household labour processes to increase production.² Thirdly, linked with the first two, administrative effort was to be applied to all regions and populations to check inequalities between and within areas of the country, rather than concentrating state resources upon smallholders in the most advanced areas. Even development also meant continuing barriers against international firms and expatriate enterprises, as during the initial post-war period, and checking the advance of an indigenous capitalist class which had emerged in some parts of the colony.

The third, final section of the chapter shows how while even development was highly successful in expanding smallholder production, by the mid-1950s the colonial government was concerned that the pace of growth had slowed. Considerable thought was given to the problem of achieving further increases in the rate of growth while maintaining the emphasis upon colony-wide uniformity, rather than encouraging greater unevenness which was becoming apparent in the most successful export crop growing areas of the colony. Increased revenues plus reforms to the administration which included further expansion in the number of agricultural extension officers were directed at plans and projects designed to raise output of locally consumed as well as internationally marketed produce. The decade ended with the administration still determined to maintain the primacy of smallholder agriculture.

1. I have been unable to find a specific document which sets out what was intended as uniform or even development. Regardless, the policy position which became synonymous with Minister Hasluck's period in office should be thought of as having evolved over the early to mid-1950s. This evolution corresponds to the unity of idea and process, discussed in the Introduction and Chapter 1, by which the idea of development was formed, reshaped and attached to colonial policy. See also Downs *The Australian Trusteeship* pp.126-163, Ch.7 'Achieving uniform development'.

2. An instance among many of the priorities of the Minister appears in a File Note of June 1954 on Commerce-Papua and New Guinea Food Supplies, in which Hasluck stated: 'In communicating the decision please stress again that the advancement of native agriculture – for local food supply and improved land use in village gardens, as well as for economic production of crops for sale – has a high priority in Government policy for the Territory'. NAA M1776/1 Vol.5, *Minister for Territories Instructions to Department 1/1/1954 to 30/6/1954*.

Change within Continuity

Some thought the electoral defeat of the Chifley-led Labor Party government in 1949, and the victory of the Liberal-Country Party coalition would pave the way for a major shift in thinking about development in PNG. There were hopes as well as fears that the new Minister for External Territories, the Liberal Percy Spender, would support a change from 'socialism' toward 'free enterprise'.³ In particular, it was anticipated that in order to take advantage of world-wide food shortages, the Minister would encourage more favourable treatment of the demands arising in the colony, Australia and the UK for a major expansion of largeholdings.

During his only visit to PNG in early 1950 and in a subsequent statement to parliament, as well as in a substantial policy document prepared in the Department, Spender disappointed those hoping for a major shift.⁴ He continued to emphasise two principal inter-locking objectives. The first was improved indigenous welfare and the second development of the colony's resources. Spender maintained the connection which had appeared in the first years after the war between resource development and making the colony self-supporting. The latter would, in the Minister's view, include the ability 'to supply the needs of Australia and the world generally with the valuable commodities that the Territories are capable of producing'. Spender also accepted the established view that the size of the available labour force was a limiting factor. His position, that the colonial

3. Downs *The Australian Trusteeship* p.69 notes how the Planters' Association sent a congratulatory cable to P.C.(Percy) Spender, who became Minister for External Territories and Minister for External Affairs, which urged him to make an 'early visit to Territory to gain first hand information difficult problems confronting planters due former Government's negative policy...'

4. Administrator Murray 'In Retrospect, 1945-1952' p.179, suggested that there was at best a sense of ambiguity in Spender's public position, noting that the Minister although 'reserved in his attitude to [a forthcoming UN Mission which visited PNG after Spender made his first visit in early 1950: SM]... also gave less than was hoped for and expected by the leading commercial interests'. As Murray continued: 'Old territorians in the private sector rather expected that with a Liberal-Country Party in power, the 1945 policy [of Labor Minister Eddie Ward expressing the paramountcy of native interests and restricting further extension of the largeholding area] would be revised in their favour. At a dinner tended to him at Kokopo [on the Gazelle Peninsula near Rabaul] by commercial and plantation interests, Mr Spender made a speech which they found non-committal, perhaps disappointing.' However Downs *The Australian Trusteeship* p.70, on the basis of a report from District Commissioner J.K.McCarthy and transcripts of verbatim reports prepared by journalists who accompanied the minister, rejects Murray's version of the position expressed by Spender at the Rabaul dinner. Downs' account emphasises instead Spender's public attachment during his PNG visit to the 'established rails of Australian policy' (see below).

administration should be given a major role in securing 'a generally improved standard of living for the native peoples', was also in line with previous thought about how to give effect to 'positive Australianism'.⁵

Like Ward, Spender held responsibility for another, more substantial ministerial post. While Ward had been Minister for Transport as well as Minister for External Territories, Spender held the latter office and that of Minister for External Affairs.⁶ During a visit of Administrator Murray to Sydney, Spender finalised some thirty submissions which had been awaiting decisions, some for long periods.⁷ However Spender contributed little new to thinking about how to bring development to PNG. Nor, before leaving the Menzies government in April 1951, did he manage to make his substantially enlarged Department noticeably more effective in determining how development could be made to happen.⁸ Spender's main contribution was to emphasise the importance of an instrumental role for private capital, as a means of obtaining additional resources to supplement those provided by the Australian government so that indigenous welfare goals could be pursued more effectively.⁹

5. NAA A518 1927/1 *Development of the Territories. Organisational. Minister's Policy Speech, June 1950* 'Australia's Policy in Relation to External Territories' p.2 for quotations in this paragraph. Spender's own later summary of this speech and the intended direction in part explains why his position could be interpreted differently. His account (*Politics and A Man* Sydney: Collins, 1972, pp.271-279), stresses Ward's 'socialist approach' and the absence of 'a practical plan for the advancement of [PNG's] people'. Spender claimed that his contribution was to begin the process of planning, which was presented in his statement to the Federal Parliament on June 1, 1950 (see below). He also claimed (p.277) that the principal point of his presentation was to encourage private investment, and this was 'a radical departure from previous policy'. However since the bulk of his speech (p.275), placed 'The emphasis ...on the welfare of the native people...', it is hard to see Spender's desire to increase private investment as other than instrumental (see below) or a failure to recognise the ambiguities inherent in his approach.

6. Each Minister only visited PNG once, whereas Hasluck was a frequent visitor, who would have traveled to the colony more often had parliamentary and other responsibilities not prevented him from so doing.

7. Murray 'In Retrospect' p.178

8. Downs *The Australian Trusteeship* pp.83-84 outlines changes which had occurred in the department immediately prior to the fall of the Labor Government. In particular he notes that there was a First Assistant Secretary, and three Assistant Secretaries, with a total staff of 49, up substantially from its size at the end of the war (p.10).

9. 'Australia's Policy in Relation to External Territories' p.3. According to the Minister, in order to fulfil the task of advancing 'these peoples': 'It is to private enterprise under proper safeguards that the Government must to a major extent look for assistance in securing the economic advancement of these Territories. To this end every encouragement will be afforded to private enterprise in bringing its available skill and capital to bear on the development of the Territories' natural resources and, in so doing, to impart to these backward peoples the means of participating to an ever increasing extent in developing the wealth of their country'. That this was not a solitary, out of character, statement of Spender's position is demonstrated by a similar quote from an unpublished document prepared at his behest in the Department of External Territories but not released before

A new Minister and changed department: Hasluck takes office

After a one month interregnum, from April until May 1951 while (Sir) Richard Casey also occupied both the ministerial positions of External Affairs and External Territories, Hasluck was appointed Minister for Territories. Simultaneously, the department was revamped from the previous External Territories, to include responsibility for both internal (the Northern Territory and the Australian Capital Territory) and external territories. Hasluck remained in the position until December 1963, and held no other ministerial duties as part of his permanent portfolio.

Hasluck came to office with extensive experience at the international political-administrative level, including as a participant at major meetings on post-war development. His employment in the Department of External Affairs between 1941 and 1947 working on the formation of the United Nations and in particular the trusteeship protocols,¹⁰ had prepared him far better than either Ward or Spender for the task of colonial minister. Hasluck's intellectual heritage included knowledge of as well as admiration for the English radical Tory objections to the destructive effects of early industrialisation upon rural life.¹¹ As a person who came to maturity in the early twentieth century, Hasluck was an Australian liberal who did not believe in *laissez-faire* but in a positive role for the state and the importance of trusteeship, along the lines advocated by earlier Australian liberals (see Chapter One above). He was also sympathetic toward indigenous Australians whose impoverished condition he regarded as a consequence of European settlement.¹²

he left office. In this document it was stated that with the objective of native advancement foremost, nevertheless given their current inability and primitive condition, it was up to government 'through programmes for social advancement, to enable these people to take a constantly increasing share in the running of their country'. As well 'the Government must, to a large degree, look to private enterprise, under proper safeguards, to economically advance the region.' See NAA M335/1 No.2 *Australia in New Guinea. The Post-War Task. A Paper prepared in the Department of Territories During the Term of Office of the Hon. P. Spender* p.9. The document is dated October 1951, six months after Spender left office, but was prepared during late 1950 and early 1951.

10. Murray 'In Retrospect' p.178-179 states 'I have often wondered whether he (Hasluck) devised the Trusteeship provisions.' Louis *Imperialism at Bay* Parts III and IV provides a more substantial account.

11. MacWilliam 'Liberalism and the End of Development' p.90

12. Paul Hasluck *Black Australians. A Survey of Native Policy in Western Australia, 1829-1897* Melbourne: Melbourne University Press, 1942

Hasluck concluded that the destruction of indigenous life was so complete in Australia that 'today there is nothing that can be recognised as a homogeneous and integrated aboriginal society'.¹³ As the Minister whose Department also held responsibility for the Northern Territory where substantial numbers of indigenes lived, European responsibility for this condition and national government obligations for its amelioration required assimilation of the indigenous population. For Hasluck, assimilation meant incorporation into what he construed as the mainstream of Australian life, primarily through becoming wage workers. Hasluck advocated a specific form of positive state agency, development through assimilation, to overcome the deleterious consequences of capitalism's advance in Western Australia, about which he had researched and written, and the Northern Territory, for which he now held ministerial responsibility.

Hasluck drew a separate conclusion about what was required for development in PNG, as MacWilliam noted:

Assimilation required trusteeship, where the indigenous population were in the minority, as in Australia, just as the paramountcy of native interests required trusteeship where the indigenous population were in the majority, as in Papua New Guinea.¹⁴

If the over-all premises of international trusteeship were known to Hasluck,¹⁵ he had no direct experience of or much knowledge about PNG before taking ministerial office. At the beginning of his tenure, these lacunae pushed Hasluck to temporarily accept existing policy.¹⁶ The secretary of the newly constructed combined Department, C.R. Lambert, who was appointed soon after Hasluck

13. Hasluck 'Some Problems of Assimilation' Address to Section F of ANZAAS 34th Congress, Perth, 1959, p.1

14. MacWilliam 'Liberalism and the End of Development' p.91

15. In *A Time for Building* p.5, Hasluck indicated a familiarity with 'questions of colonial trusteeship' from his work 'on post-hostilities planning and in international discussions at the (1945) San Francisco Conference but had been very happy to leave most of the work in this field to others. At the United Nations I had considerable scepticism about the outcome of the trusteeship provisions of the Charter'. However as noted in Chapter One, p.28, fn.26, Hasluck 's international experience included attending the 1942 Mont Tremblant conference where he responded favourably to the stance adopted by British Fabian Arthur Creech Jones.

16. *A Time for Building* p.25, where Hasluck stated: 'At the commencement of my work I found no need to restate policy. My reading of departmental papers and public pronouncements did not arouse any immediate doubts about the objectives and principles that had been declared. In any case I could not draw on any knowledge or experience at that stage which would enable me to re-examine policy intelligently'.

became minister also had no knowledge of PNG. However as already noted in Chapter One, Lambert was another senior Australian official with a predilection for agrarian development as an appropriate response to the effects of the 1930s depression and in post-war conditions.¹⁷

Two months after being sworn in and accompanied by Lambert, Hasluck made his first visit to PNG. Experiences on the trip reinforced some of his predilections, including the strong anti-British colonial bias he shared with Ward.¹⁸ The combination of his political views and what the Minister encountered on the initial tour of PNG greatly influenced several of the immediate political and administrative changes he was to make. These included ending Murray's tenure as Administrator, the need for which had been previously flagged by Spender. Murray was replaced by D.M. (later Sir Donald) Cleland. Hasluck also returned to Australia convinced of the importance of obtaining increased funding for PNG from the Commonwealth. The removal of Murray produced some personal bitterness, and allegations that the former Administrator's departure represented a continuation of the shift toward 'private enterprise' begun by Spender.¹⁹

For the remainder of his term in office, Hasluck's thoughts about what development should constitute for PNG changed little. The changes that did occur in his thinking were largely refinements of policy within the parameters laid down by the Australian adoption and adaptation of international trusteeship, discussed in

17. Hasluck *A Time for Building* pp.7-8 explains how upon coming to office one of his first tasks was to appoint a Secretary for the Department. He shifted the previous department secretary J.R. Halligan into the position of Special Advisor, concerned with the South Pacific Commission and the Phosphate Commission, and chose Lambert for Secretary. Hasluck's reasons for not selecting Halligan are instructive: '...he looked at the future task as a restoration of the good things in the past...' and 'he would not help me to break new ground [administratively]'. Lambert remained in the position until 1964 throughout Hasluck's tenure as minister. With his background in designing and implementing state action to expand agriculture in Australia, it is unsurprising that Lambert and Hasluck forged a lengthy working relationship aimed at bringing agrarian development to PNG.

18. *A Time for Building* p.14 Hasluck said: '...although I trotted around the Territory on my best behaviour and trying to smile like an innocent friend, I came away from that first trip revolted at the imitation of British colonial modes and manners by some of the Australians who were there to serve the Australian government.'

19. Wright *State Practice and Rural Smallholder Production* pp.222-228 canvasses the alternative interpretations given for Murray's departure.

Chapter 1 above. In 1952 he enunciated what would remain his understanding of the relationship between Australia and PNG, as one of 'guardianship'.²⁰

Hasluck distanced himself from two features of the policy position he had inherited, the emphasis upon 'planning' and 'private enterprise'.²¹ He cancelled the intended distribution of a major policy paper prepared at Spender's direction which mirrored the June 1950 statement to parliament.²²

Of more immediate consequence for bringing development were the steps taken by Hasluck to counter the political tendencies and administrative indecisiveness which had arisen, even flourished during Murray's term as Administrator. Important political-administrative changes were required, as well as better defining and shaping the policy needed to bring development. However Hasluck's initial efforts to gain more financial and personnel support for the colonial administration illustrates how his thought about the importance of the colonial state's role in making development happen was akin to Murray's view. The two men also approached the matter of indigenous political representation in a similar manner. Their approach to state coordination and supervision, as well as the political advance by Papua New Guineans is now examined.

20. P. Hasluck, 'A Policy for New Guinea', Address by the Minister for Territories to the William McGregor Club, Sydney 20th November 1951; also cited in *South Pacific* v.5, no. 11, Jan-Feb 1952 p. 225, and in Hawksley *ADMINISTRATIVE COLONIALISM* p.418. The emphasis upon guardianship, rather than partnership as Downs *The Australian Trusteeship* p.165 subsequently tried to interpret the Minister's view, is important. Partly the significance arises because for Hasluck a principal task of the colonial government's trusteeship was to act as guardians, containing the ambitions of expatriates, particularly those who sought to acquire more largeholding land and a more important place in the colony's political economy as partners with the ascending class of indigenous capitalists (see below and my forthcoming 'Placing the Planters').

21. Administrator Murray's enthusiasm for over-all planning is evidenced in numerous files and documents: see NAA A518/1 K927/1 *Development Papua and New Guinea. Administration's Seven Year Plan for Development 2/10/50* J.K.Murray Administrator to Secretary, Department of External Territories 'Plans for the Development of the Territory'

22. NAA M335/1 No.2 *Australia in New Guinea. The Post-War Task. A Paper prepared in the Department of External Territories During the Term of Office of the Hon.P.Spender* Dated October 1951, 6 months after Spender left office. The paper had an earlier title 'Australia's Bastion. The Post-War Task in Papua and New Guinea' which disappeared in the process of final preparation. Hasluck *A Time for Building* p128 claims: 'After early visits to the country, I found some of the papers prepared at Canberra for a planned economy and the attraction of Australian enterprise somewhat unreal. In economic matters I turned away from the lead given by Spender.'

Prior to Hasluck taking office there had already been an increase in funding allocated for the colony, which by 1950-51 was over £A8.7 million, compared to only £A 90,000 in 1939-45.²³ Even this increase was regarded as unsatisfactory by Murray, who pressed for the establishment of a Territory Development Fund of £A100m, to be expended over ten years and supplementary to annual budget commitments. Inspired by the UK example of a £120 million colonial welfare and development fund, Murray received support in Australia from the Minister, Spender, and the Secretary of External Territories, Halligan. The request for a major funding increase was justified in terms of PNG's defence purpose for Australia, international trusteeship obligations and the inability to fund development from local resources.

The Commonwealth Treasury, supported by the Prime Minister's Department, would have none of the proposal, stressing financial stringency, the difficulty of managing such a large fund, and political accountability matters, including the inadvisability of a government committing its successors in advance. Instead Treasury insisted that the existing budgeting terms of three years maximum should be maintained.²⁴ But as Murray subsequently noted, in 1951-1952 the grant-in-aid rose to £A10.5 million, up about 20% on the previous year's amount.²⁵

In December 1951 Hasluck persisted with Murray's proposal.²⁶ Hasluck's reasoning followed Murray's,²⁷ in particular that the criteria which operated in

23. Murray 'In retrospect, 1949-1952' p.206 states, regarding this increase, that it represented '(t)he change from rhetoric to intent beyond question'.

24. This is a necessarily truncated version of correspondence and contacts which occurred over some months in 1950 and early 1951. See NAA A518 J927/1 *Development of the Territories. Organisational. Development Programme*; A 518 K927/1 *Development Papua and New Guinea. Administration's Seven Year Plan for Development*; A518 L927/1 *Financial methods of encouraging development-Territories-General*. See also newspaper coverage in *News* (Adelaide) 26/8/50; *Telegraph* (Sydney) 24/8/50; *Herald* (Melbourne) 26/8/50.

25. Murray 'In retrospect, 1945-1952' p.180

26. Hasluck *A Time for Building* pp.11-12. Wright *State Practice and Rural Smallholder Production* p.215, also notes that Hasluck organised for his Parliamentary Under-Secretary to visit the Colonial Office in October 1952 to find out if the Colonial Development and Welfare Fund for British colonies was a suitable model for adoption by Australia for its territories.

27. NAA M1776/1 V.1 *Minister for Territories Instructions to Department 4/6/1951 to 30/6/1952*. 11/12/51 Minister to Secretary 'Future Development of Territories' p.2 which proposed the establishment of a 'Territories Development Fund of £100,000,000 to become available at the rate of £20,000,000 a year over five years'. As Hasluck subsequently explained: 'I took it for granted that, for a generation or so, services, utilities, amenities and the whole economic infrastructure

Australia should not be applied to funding development for PNG. Nevertheless the outcome remained the same: no major development fund was established. For the remainder of his term as minister, Hasluck had to operate with the relatively short-term annual and triennial budgetary cycles, as applied to other Australian government ministers and departments. The Minister's subsequent success can be measured by the fact that, despite this restricted process of obtaining funding for development, Australian grants-in-aid continued to increase. By 1963, when Hasluck left office, £A40 million, approximately two-thirds of total Administration expenditure was paid out of Australian-raised revenue. Of the funds raised internally, import duties provided the largest component, while less than one third came from income and company taxes.²⁸

Murray and Hasluck also agreed that political development required direct representation by indigenes in a reformed colonial state. The legal basis for the Legislative Council was established before Hasluck came to office, by the 1949 Papua and New Guinea Act. The Legislative Council's twenty-nine members included the Administrator's representative, the Assistant Administrator as Council President, sixteen officers from the Administration, and nine non-official members to be nominated by the Administrator. The principal purpose, to continue Administration dominance of the legislative process, was transparent. Of the nine non-official members, there were three expatriates representing Christian missions, three commerce, mining and plantation representatives and three indigenes from Papua, the New Guinea mainland and New Guinea islands. Three non-officials elected by expatriate voters rounded off the Council's membership.²⁹

would have to be provided by Australia and not from the earnings of the Territory itself. Perhaps eventually the Territory would be able to service the long-term debts for such necessities, but even that would require Australian support.' *A Time for Building* p.129. See also NAA M338/1, No.1 *Visit Papua and New Guinea 26th July to 8th August, 1951* 26/7/51 Copies of A.B.C. News Broadcasts Interview with Minister '...efforts would be made to have public expenditure in the Territory viewed in a different light from that affecting the mainland of Australia.'

28. Downs *The Australian Trusteeship* Table 6.2, pp.122-123. For the long battle from 1957 which surrounded the introduction of personal (head tax) and then income tax, see Downs *The Australian Trusteeship* pp. 138-147, 186-195 and Hasluck *A Time for Building* pp.258-265. I

29. Cf. the claim made by Yash Ghai and Tony Regan *The Law, Politics and Administration of Decentralisation in Papua New Guinea* Monograph No.30 Boroko: The National Research Institute, 1992, p.7: 'A legislative council was set up in 1951, but it was dominated by the administrators and expatriate interests'.

Nothing had been done about appointing members of the Council or holding elections before Hasluck became Minister. In mid-1951, Hasluck urged the Department and Administration to give priority to establishing the Council's membership and setting an inauguration date. When the membership and the date of late 1951 were announced,³⁰ a storm of criticism broke. The *South Pacific Post*, which frequently espoused the expatriate settler version of colonial nationalism, immediately claimed that it 'was the Eddie Ward clique that slipped into the Act the most objectionable provision that out of a Council of 29 members only three would be elected by the general public'. As the editorial made clear, general public was a synonym for expatriate 'private enterprise'.³¹ Apart from the insufficient 'private enterprise' representation, the Planters' Association of New Guinea, based in Rabaul, also objected to the presence of three nominated indigenes.³²

The Minister shrugged off the objections. He was supported by the chairman of the London Missionary Society in Papua, who hoped that this Council was a first step toward a more representative structure for which indigenes could elect representatives on a District basis.³³ Hasluck pointed out that the composition was specified under the 1949 Act and before seeking an amendment, it should be given 'a trial in its present form'.³⁴

Formulating and Applying Uniform Development

Countering Separatism, Centralizing Power and Strengthening Administration

Apart from reinforcing his anti-colonialism, Hasluck left the colony after his first visit in mid-1951 with serious doubts about the local administration's capacity to bring about development, despite the considerable changes which had occurred already.³⁵ Some of this doubt arose from the level of funding available to sustain

30. *South Pacific Post* 27/7/51

31. 3/8/51

32. *South Pacific Post* 3/8/51

33. *South Pacific Post* 3/8/51

34. See NAA M338/1 No.1, *Visit Papua and New Guinea 26th July to 8th August, 1951* 6/8/51 Radio summary of talk between Minister and members of Wau Advisory Council. For Hasluck's version of the discussion which took place with Murray over the appointments, see *A Time for Building* pp.40-44

35. In 1949, while the legal distinction remained between Papua as an Australian colony and New Guinea as a UN Trust Territory, from July 1, 1949, the Territory of Papua and New Guinea was administered under the Papua and New Guinea Act 1949. Under the act, the Administrator was the

intended activities. The numbers and abilities of the personnel available for the Department of Territories and the PNG Administration also caused concern for the Minister.

Murray epitomised an even more serious problem for Hasluck, much deeper than simply a clash of personalities, or the fact that Murray was not, in the view of Spender and Hasluck, a particularly good administrator. On his first visit Hasluck had noted '... an underlying spirit of separatism and perhaps in some cases, of resentment against Australia...',³⁶ which was 'also apparent' in Murray.³⁷ Murray had developed a 'reticence' about involvement by the Minister and Department in the administration of PNG. According to Hasluck, Murray 'regarded the rule of the Territory as a matter for him and not for the Minister to handle'.³⁸ If, as Hasluck had deduced, separatism and resentment were more widely held than simply by the Administrator, his removal and replacement would not overcome the deeper problem of how to define and impose colonial authority along the lines the Minister determined were necessary to satisfy international trusteeship conditions.

The first steps taken by Hasluck involved the appointment of a like-minded department secretary, and an Administrator (Cleland) with substantial experience of PNG. From 1943 until 1945 Cleland had been effectively Chief of Staff of ANGAU, the military administration of those parts of PNG not under Japanese control. Cleland had also been chairman of the Production Control Board. Upon returning to Australia after the war, he again became active in conservative politics.

senior official in the Administration, who acted with the advice of the Executive Council, of nine members. The nine were an acting Government Secretary and the Secretary, acting Secretary, Director or acting Director for eight departments (Planning and Development, Public Health, Education, Agriculture, Stock and Fisheries, Native Labour, Treasury, Lands, Surveys and Mines, and Forests). As well there were 11 Committees, Boards and a Rural Production Advisory Council 'established to assist the Administrator'. Ten departments and seven branches were also established for a public service which had 1,272 personnel. NAA A518 H927/1 *Development of the Territories. Organisational. Report on Present Conditions in Papua & New Guinea. (February 1950)*. See also David M Fenbury *Practice without Policy: genesis of local government in Papua New Guinea* Monograph No.13 Second Edition Canberra: Development Studies Centre, ANU, 1980, pp.8-59

36. Hasluck *A Time for Building* p.14

37. *A Time for Building* p.15

38. *A Time for Building* p.15. Hasluck further stated (p.16) that Murray 'developed an argument [presented when Hasluck visited PNG in July 1951: SM] for self-government which meant government by himself and his staff, who were to be left free to do good as they saw it'.

He was appointed director of the federal secretariat of the Liberal Party and played an active role in building the party machine, which was important for the 1949 campaign that resulted in the Liberal Party becoming the major partner in the governing coalition.³⁹ Cleland was a Western Australian, from the State where Hasluck had won a seat.

Cleland, who had been Assistant Administrator since early 1951, and then Acting Administrator in June 1952 when Murray left, became Administrator in early 1953. Hasluck emphasised that this appointment did not represent a change of policy, which was 'to protect and advance the welfare of the natives'.⁴⁰ Until 1963, the triumvirate of Hasluck, Lambert and Cleland formed a powerful bloc at the head of the colonial administration.⁴¹

In order to ensure that the authority he intended to impose upon the Department and Administration had the appropriate basis in law, Hasluck also obtained advice about the constitutional-legal relationship between Australia and the colonial territory(ies).⁴² This advice supported Hasluck's view that the Minister, under delegation from the Governor-General, held ultimate authority over the Department, the Administrator and Administration in PNG.⁴³

A change originally proposed to the structure of the Administration in October 1950 provided another early indication of Hasluck's determination to assert control. Before Hasluck became Minister, two positions as Deputy Administrator had been advertised publicly but not filled. Instead the role of Government Secretary was

39. <http://www.adb.online.anu.edu.au/biogs/A130486b.htm> ; H. N. Nelson, 'Cleland, Sir Donald Mackinnon (1901 - 1975)', *Australian Dictionary of Biography*, v.13, Melbourne: Melbourne University Press, 1993, pp 440-441.

40. *A Time for Building* p.52

41. Hasluck *A Time for Building* pp.53-57; Cleland 'An Administrator Reflects' in Inglis ed. *The History of Melanesia* pp.209-228

42. Hasluck *A Time for Building* p.23 contains the Minister's view that the Papua and New Guinea Act 1949 was unsatisfactory, 'one of the earliest post-war mistakes, not in purpose but in design'. Nevertheless the Minister concluded that by mid-1951 '...I saw no prospect of returning to any other starting point...I accepted the Act as one of the facts of the situation.'

43. The advice confirmed Hasluck's opinion that Murray held an erroneous view on the constitutional status of the Administrator, who, according to Hasluck, wanted to receive 'Instructions' from the Governor-General rather than directions from the Minister and Department. See *A Time for Building* p.16.

strengthened and one Assistant Administrator, Cleland, appointed and based in Port Moresby while Murray's own position was considered further.

Between Cleland's appointment as Assistant Administrator and Murray's departure, a request was made by a representative of European planter and commercial interests that the Assistant Administrator should be located in Rabaul, the centre of expatriate settler political activism. Hasluck rejected this proposal. In response to the demands for a degree of decentralisation, the Minister offered 'devolution of responsibility to the District Offices, and a raising of the status and responsibilities of the District Commissioners'.⁴⁴ As will be shown below, even the elevation of District Commissioners (DCs) quickly resulted in consequences which had to be checked. Nor was it the last time that the Minister rebuffed attempts to locate key officials where they could be subjected more easily to the demands of expatriates commercially active in the colony.⁴⁵

Strengthening Ministerial authority gave the Australian government, as trustee for New Guinea under the United Nations, greater capacity to fend off criticisms of its rule made in that forum. These criticisms were invariably along the lines that expatriate interests were being favoured and insufficient attention and resources were being committed to improving indigenous welfare.⁴⁶ At the same time, the Minister saw strengthening the local administration as a major priority, a priority

44. *A Time for Building* pp.23-25. See also NAA M338/1 No.17 *Notes for Minister's Visit to Papua and New Guinea May-June 1958* 9/2/52 Hasluck to W.R. Paul, General Secretary, Planters Association of New Guinea, rejecting the suggestion made in a letter of 23/1/52.

45. NAA M338/1 No.17 *Notes for Minister's Visit to Papua and New Guinea May-June 1958*. See 28/4/58 TM Wilton, President Rabaul Chamber of Commerce to Administrator. In the name of decentralising authority away from Port Moresby, Wilton asked for the appointment of a New Guinea Islands Regional Commissioner, to whom DCs would report, and a means for dealing with 'routine land matters...locally.' Hasluck rejected this request. Departmental documents prepared for the Minister's visit to PNG in mid-1958 also rebuffed claims that Rabaul, as a major agricultural and commercial centre, deserved priority over other ports and towns in the country.

46. See NAA M338/1 No.1, *Visit Papua and New Guinea 265th July to 8th August, 1951* 6/8/51 Radio summary of talk between Minister and members of Wau Advisory Council, in which Hasluck asserted that the Commonwealth Government and not the United Nations was the constitutional authority for the colony. Hasluck 'considered apprehension by Territory residents regarding United Nations interference in the domestic economy of New Guinea was without foundation.' See also W.E.Tomasetti *Australia and the United Nations: New Guinea Trusteeship Issues from 1946-1966* New Guinea Research Bulletin No.36 Canberra and Boroko: New Guinea Research Unit, ANU, July 1970

which was maintained during his term of office, even as skilled labour shortages continued to plague efforts to improve standards.⁴⁷

Another reason for strengthening administrative capacity in Australia and PNG arose from Hasluck's view of policy and policy formulation. The Minister wanted the colonial administration, in Canberra and PNG, to be active in further policy development. Policy to Hasluck was inseparable from administration.⁴⁸ Due to this close connection, the Minister believed that policy formulation was something engaged in by all officials of the Department, and by extension of the colonial administration in PNG.⁴⁹

This was not a populist view of policy formulation, where 'Jack is as good as his master'. A prodigious worker and reader of correspondence Hasluck was ever alert for officials in Canberra or PNG, who whether by personal inclination or as a result of immediate experience strayed from the main premises of his development policy. If all officials were to be involved in policy formulation, Hasluck had to have the capacity to initiate changes and adjudicate conflicts about policy and its implementation. Thus, despite his often fulsome praise of officials including Cleland,⁵⁰ Minister Hasluck invariably admonished the Administrator as well as subordinate officials for proposing policy which did not follow what he regarded as

47. Hasluck *A Time for Building* pp.59-76, especially Chapter 7 'The Bid for Funds and Staff'; Downs *The Australian Trusteeship* pp.108-125, Chapter 6 'Building a more effective administration'; Porter *Paul Hasluck: A Political Biography* pp.125-132

48. Hasluck's 1976 explanation of his position in *A Time for Building* p.23 was that: '...the cast of my mind and the nature of my training had given me a strong opinion that good policy and good administration are inseparably intertwined and cannot grow in a healthy way apart from each other. I have never seen much value come out of the back-room planning by persons who are not engaged in any way in the administrative task and I have seen much misplaced effort when the persons who did the thinking had no part in the doing and when those who had the task of doing were not encouraged to think.'

49. Hasluck said: "Policy development" is something that takes place as the result of a succession of acts performed by a wide range of people. Policy is built up by a number of decisions taking place over a period of time on a number of submissions, and the development of policy is not a job which can be confided to any one person or group of persons. I think one of the most dangerous and improper tendencies that is growing up in the Commonwealth Public service is this idea that certain officers established in certain positions have a job of developing a policy. I want the contribution to policy to come from the activities of every officer in the Dept and the process to be a continuous one at all levels.' NAA M1776/1, Vol.1 *Minister for Territories Instructions to Department*, 11/12/51 Hasluck to Secretary of Department 'Proposed Staff re-organisation of the Department of Territories'

50. *A Time for Building* pp.53-55

basic premises. In particular, Hasluck was well aware that certain officials were more disposed to encourage private enterprise and respond to expatriate demands than he was. All activities undertaken by the colonial administration were assessed according to whether, in Hasluck's view, they helped to maintain household attachment to smallholdings at improved standards of living.⁵¹

One instance was the major road building programme which commenced soon after Hasluck took office and played a major part in utilizing indigenous labour. Speaking in the late 1960s about roads built from late 1952 in the Highlands utilizing state funds, Cleland claimed: 'That was the start of the real development of the Highlands... These roads were not so much for administrative purposes, but more so to open up the country for development by private enterprise.'⁵² Subsequently, against Cleland's version, Hasluck asserted that the initiative to upgrade existing tracks into roads and highways arose out of a conversation between Cleland and himself, as a consequence of failed efforts to get any support in Cabinet for 'our own loan works programme'.⁵³ '[T]he upshot was a ministerial direction that each district commissioner was to be instructed to encourage and direct the building of roads in his district'.⁵⁴ By Hasluck's account, the Highlands roads were part of a wider programme for the entire colony using local labour and serving a different purpose from that specified by Cleland. As Hasluck stated:

These roads are being built with amazing cheapness and speed because of the help of the natives. Their purpose is chiefly administrative and they are developmental roads only in the senses that they provide access.⁵⁵

51. However on occasion Hasluck too contributed to uncertainty about the place of largeholdings by seeming to adopt an instrumental approach similar to Spender's. See *A Time for Building* p.136 for a report of an April 1952 press statement by the Minister which while stressing the importance of village agriculture, pointed out that 'it could not alone meet all the opportunities for agricultural development... I was looking both to the individual settler and to the big plantation companies for a substantial contribution of capital, enterprise and effort to promote tea, rubber, fibre crops, coffee, cocoa and rice'. Within two years the Minister would be forced to face the consequences of this seeming ambiguity and decisively resolve development policy in favour of smallholder primacy (see below).

52. Cleland 'An Administrator reflects', p.223

53. *A Time for Building* p.147

54. *A Time for Building* p.148. This account fits more broadly with the uniform development policy being formulated for the entire colony, rather than the 'uneven development' views of some senior officials in PNG to which Hasluck was opposed (see below).

55. *A Time for Building* p.150. Hasluck's version of events is supported in the account provided by (Dame) Rachel Cleland who describes an October 1951 visit she made to the Highlands with the Administrator. In *Pathways to Independence; Stories of Official & Family Life in Papua New Guinea*

Hasluck also saw the potential for clashes between villagers, who regarded the roads as 'their roads' and 'Europeans [planters and traders] who had done nothing to build the roads [and] started to cut them up with vehicles carrying commercial loads'.⁵⁶

Administrative reform and centralizing power in the Minister was intended to strengthen Hasluck's capacity to rule over the Department in Canberra and the Administration in PNG, even as each was strengthened. He also wanted to build up the capacity of the Administration so it could check the inherent advantages of a department located in Canberra, the capital and administrative centre of Australian government. He resisted attempts to integrate the Administration with the Department, taking what he regarded as 'perhaps...(a) too classical...approach to the structure of government',⁵⁷ that is insisting on the separate legal-constitutional entities under different acts of the Australian parliament. This separation, and the constitutional requirement that both the Department and the Administration in PNG reported to and took instruction from the Minister, placed Hasluck in an especially powerful position. Nothing exemplifies the strength of the Minister's position more than how during the early 1950s elements of the previous idea of development were taken and reformed into government policy. The thesis now turns to the detailed policy position, uniform or even development, which more than anything else came to define colonial development in the 1950s and early 1960s.

Taking Advice

Despite Hasluck's dominance, it is important to recognise that the process by which policy was formulated as well as its direction involved more than the views of the Minister. In the case of the role of local native councils or local government

from 1951-1975 Cottesloe: self-published, 1985, pp.68-69, Rachel Cleland reports how DC Ian Downs pressed her husband the Administrator for shovels and money to join the 'rough roads (that) stretched out from many villages....and link them through to Kainantu'. According to her, Downs 'was enthusiastically selling his idea for a road system on many grounds: better native administration, communications, village development and less reliance on the expensive air transport...' In late 1951, there were no expatriate plantations in the area.

56. *A Time for Building* p.149; cf. Downs *The Australian Trusteeship* pp.181-184; Ian Downs *The Last Mountain: A Life in Papua New Guinea* St Lucia: University of Queensland Press, 1986, pp.230-251, Chapter 14 'The High Road'

57. *A Time for Building* p.55

councils, a senior Administration official in PNG, David Fenbury was for a while especially influential (see below). Without much personal knowledge of PNG, the Minister sought advice from others, including academics at the recently established Australian National University. In 1951 and 1953, the Department of Territories was provided with two documents prepared by senior ANU academics.⁵⁸ In October-November 1951, *Notes on New Guinea* was written by Oscar Spate, Jim Davidson and Raymond Firth, an economic geographer, historian and economic anthropologist respectively after a three week visit to the colony.⁵⁹ The *Notes* set out many of the themes followed in the later *Report of a Working Committee of the ANU*, prepared by Spate, anthropologist Cyril Belshaw and economist Trevor Swan.⁶⁰

In the *Notes*, Spate dismissed the prospect of any substantial expansion of 'economic soldier settlement', in case it led to a 'poor white problem', and dismissed 'White Melanesia [as] a pipe dream'.⁶¹ Spate and Firth both noted the extent of the growth of indigenous agricultural production, and its unevenness, just six years after the war ended. While Spate pointed to a specific instance of a Tolai cocoa grower with 4,500 trees planted, Firth indicated that '[t]he native entrepreneur-capitalist is beginning to be a recognisable figure'.⁶² In the Sepik, Bougainville and the Gazelle, there were men with reported incomes of £A1,000 a year.⁶³

58. I have used the expression 'the Department' rather than the Minister regarding the two documents, since Hasluck *A Time for Building* p.140 only refers to the second document, although both are held in the Department's ministerial files. Given that Hasluck was an assiduous reader of files, and was happy 'to call [Spate] a close personal friend', it seems unlikely that the Minister did not also see the earlier *Notes*. While Hasluck suggests that the delay to March 1953 in preparing and presenting the second document meant that 'it describes a situation at about the time I took office [May 1951] rather than at the time the report was dated' it seems very likely that the views of Spate, at least, and most likely Davidson, Firth, Belshaw and Swan as well helped shape uniform development almost from the time Hasluck became Minister.

59 NAA M336/1 No. *Notes on New Guinea October-November 1951*.

60 NAA M1775/1 No.6 SPATE-BELSHAW-SWAN-Report on economic structure of Papua and New Guinea. See Hasluck *A Time for Building* pp.140-141, for information on the genesis and preparation of, as well as the reception accorded to, the Spate, Belshaw and Swan *Report* in the Department of Territories.

61. *Notes* 'Resources and Economic Potentialities' p.9 "'Economic soldier settlement' is a popular cry amongst the non-official European community; it is probably a contradiction in terms, and an effort to implement this demand would probably result in the formation of a "poor white problem"'.
 62. *Notes* 'Some Observations: Native Social and Economic Change' p.15

63. *Notes* 'Some Observations: Native Social and Economic Change' p.17, Firth made an important point, that the 'rise of native middlemen, of native petty capitalists, of native entrepreneurs

Davidson recognised the Australian government's difficulty in administering PNG, as 'an example of old-style colonial rule - one of the last in the world...in an age of non-European nationalism'.⁶⁴ He also recommended defining and clarifying the authority of the Minister, the Department and Administrator, while stressing the need to reorganise and strengthen the central administration in the colony. The latter was necessary because of the slowness and difficulty of communications between officials spread over the colony.

The *Report*, described subsequently by Hasluck as 'a basic document in any study of the post-war economic policy in Papua and New Guinea',⁶⁵ repeated much of the direction taken in the *Notes*. The later document also stressed the importance of fulfilling trusteeship obligations and ruled out any substantial expansion of largeholdings or 'economic soldier settlement'. Under the 'paramountcy' of native interests, the academics instead urged a 'revolution' for indigenous agriculture so that households went beyond 'merely feed[ing] and hous[ing]' themselves.⁶⁶ Such a change required 'intensification, diversification, and eventually more regional specialization'.⁶⁷ Swan, who produced the first detailed accounts for the colony, re-emphasised the need for continuing flows of funds from the Australian government. Net private capital formation was very small, perhaps even negative, when plantations and mines were depreciating assets with little new planting or investment in up-to-date equipment.⁶⁸

The academics also included a section on 'Possible Social Dangers', which stressed the need for anticipatory action to secure development, even if the dangers had not yet appeared in PNG. As they warned:

Native economic development must be undertaken always with the prospect in view that specific social evils may emerge and may require

organizing the labour of others' while just beginning, could be expected to result in competitive struggles 'with one another [and] with the cooperative organizations which aim at applying a different principle to economic affairs'.

64. *Notes* p.2

65. *A Time for Building* p.141

66. *Report* par.7.6

67. *Report* par.11.3

68. *Report* pars.36.4 and 37.4

counter-action...The emergence of an unproductive rentier group, of oriental-style landlordism, of a habit of credit or usury, of community leaders becoming local bosses, of sweated labour, and of unprotected machinery can be foreseen and avoided. It is important not to be too hasty in introducing western property concepts before local society is ready with the necessary controls. Payment of cash rents, primogeniture in inheritance, and the ability to alienate land individually, would, for instance, lead to social chaos if introduced overnight.⁶⁹

Spate, Belshaw and Swan favoured 'action', and avoiding the 'inhibitory effect' of 'this planning-fixation', an expression for which they provided no specific reference or instance.⁷⁰ However in December 1952 Hasluck had fulminated against what he saw as a tendency of the colonial administration to produce proposals but little action so this advice, as well as other recommendations, would have been music to the Minister's ears.⁷¹

The Minister was also capable of ignoring advice which did not fit with his view of development policy. A specific direction favoured by the ANU academics went against the attention already being paid to more marginal areas of the country, and was rejected. Using the supposed template of Dutch colonialism in 'the Indies' especially Java, their *Report* advocated 'the full development of two or three favourable regions; the introduction and fostering to the full of two or three crops'. In short, there should be 'concentration on attainable objectives and firm priorities'.⁷² Nevertheless, the over-all contribution of the ANU academics, particularly Spate, toward the formulation of uniform development as colonial policy was considerable and is reflected in each of the principal pillars of the evolving policy.

The thesis now provides an outline of uniform development and shows how the main components arose. It also stresses their inter-connectedness. A project to

69. *Report* par.25.1

70. *Report* par.2.5

71. NAA M1776/1 V.2 *Minister for Territories Instructions to Department* 1/7/52 to 31/12/52 19/12/52 Minister to Secretary. Hasluck noted on a proposal to expand indigenous rice production in the Madang and Sepik Districts: 'This is lamentable. We keep on drawing up proposals and approving them in principle. I want to approve some action. I want people to start growing rice. Subject to the availability of funds in the current financial year, action should start not later than January 5, 1953'. [Underlining in original.]

72. *Report* par.2.5

expand rice and cocoa production for markets could, for example, also satisfy a principal priority of agrarian development by stimulating the production of immediately consumed crops to such an extent that surplus beyond household needs soon appeared in local markets.

Uniform Development's Pillars

Homogeneity through Law and Order, Justice and Education

It will be recalled from the previous chapter that after World War II colonial rule continued to be challenged by 'cargo cults'. Because cults often appeared in economically more marginal areas, they pushed the colonial administration to pay greater attention to the evenness of development efforts. As well, it has been previously pointed out that there were areas of the colony, particularly in the central highlands, where colonial authority did not yet encompass all of the people. Extending colonial rule to these areas also spread Administration resources more widely among populations which were not as commercially or politically advanced as other indigenes.⁷³

During Spender's term as Minister, the goal was established that by 1955 colonial authority, specifically law and order, would be extended to all areas of the colony. Hasluck retained the objective, which referred primarily to the headwaters of the Sepik River and populous parts of the Central Highlands. The establishment of law and order could be seen as the precondition for promoting welfare measures,⁷⁴ an objective shared by Spender and Hasluck. However at least as importantly, the Minister also saw the absence of colonial authority as an indication of the unevenness of development which had to be overcome. Despite opposition within the Administration to the policy of extending authority to all areas in a few years,⁷⁵ the Minister's decision prevailed.

73 See also Hawksley *ADMINISTRATIVE COLONIALISM* Chs.7-10

74. Downs *The Australian Trusteeship* pp.98-99; Hasluck *A Time for Building* pp.77-79.

75. *A Time for Building* pp.78-79. Subsequently the Minister acknowledged that in its opposition the local Administration had more accurately assessed the extent of the task, which was still incomplete at the end of the 1950's. See Downs *The Australian Trusteeship* pp.268-269, which provides four maps showing the location of as well as the reduction in frontier 'restricted areas' from 1951 to 1970. Most of the reduction in area occurred during the 1950's under uniform development, with a further substantial diminution between 1961 and 1966.

In an early rebuttal of the proposition that Australian policy was aimed at retarding political development in the interest of maintaining an indefinite period of colonial administration, Hasluck regarded the diversity of the indigenous population as an impediment to future independence. Instead, he claimed that:

a sense of unity and some measure of homogeneity among this very diverse population was an essential foundation for any viable and equitable self-government.⁷⁶

A similar intent, to secure a greater measure of homogeneity, lay in the design of the judicial system, which was intended to combine justice and administration.⁷⁷ Courts for Native Matters in Papua and Courts for Native Affairs in New Guinea tried to apply local customs and join these with over-arching rules, jurisdiction and procedures established centrally. While only applying to Papua New Guineans, and thus 'racially discriminatory', these courts 'provided an expedient way of taking the law to the people and enforcing the authority of the Administration over a wide range of affairs'.⁷⁸ As the drive to self-government gathered pace in the late 1950s, the necessity of replacing such a manifestly deficient judicial system became a major priority, but for the moment it served the objective.

The pursuit of homogeneity was also apparent in education, health and agricultural extension policies and programmes. During the 1950s the unsatisfactory condition of indigenous education and the very limited number of public schools drew official attention. Furthering indigenous education had political as well as economic purposes. Emphasising the skills suitable for agricultural production and otherwise improving the indigenous capacity to labour was central to the expansion of primary education across the colony. Expanding primary education was also designed to meet the political purpose of ensuring that different people from a wide

76. *A Time for Building* p.78; Hasluck also stated (p.78) that having been struck by the diversity of the people he had 'a stubborn doubt about either the practical wisdom or the justice of excluding perhaps half the population of the country from the benefits of the first intensive effort, although some officers of the Administration did try to convince me that the coastal peoples were the most enterprising and intelligent part of the population and were the "born rulers" of the land.' See also Downs *The Australian Trusteeship* pp.126-128

77. *A Time for Building* p.78

78. Downs *The Australian Trusteeship* p.148

range of areas would have near-identical opportunities in a self-governing country.⁷⁹

The colony-wide emphasis on smallholder agriculture also had a homogenising effect, given that this priority was designed to improve living standards across the colony through increases in household productivity. Securing 'village life' on the basis of relatively undifferentiated family labour processes applied to smallholdings was intended to prevent the breakdown of community.⁸⁰ This was not a policy for economic and political stagnation, but of development through administrative effort which would increase production and improve living standards.

Administrative action to coordinate and supervise household production

If a smallholder in the Highlands and a smallholder in the Sepik were to produce crops with a similar labour content applied to 'their land', state coordination and supervision to raise productivity of households while maintaining attachment to land was essential. So too was sustaining household family labour processes which involve(d) divisions of labour along age, gender, strength, skill and other lines. For the late colonial developers who coordinated and supervised the scheme of smallholder production, these divisions were preferable to the divisions of industrialized production, particularly those requiring a landless proletariat, wage labour and a class of capitalists owning and operating largeholdings. Since households were already producers of crops for immediate consumption, administration attentions were directed at raising this output by providing advice about cultivation practices and soil fertility, crops grown – including the distribution of improved strains and new crops – and marketing. Considerable attention was

79. NAA M1776/1 V.8 *Minister for Territories Instructions to Department 1/7/55 to 31/12/55* 18/10/55 Minister to Secretary. When the Department of Native Affairs was being established in the colony, Hasluck emphasised that: 'I have made it an aim of our policy that the people in the outlying areas, such as the Sepik and the Fly River delta, have to be brought up to a level of education comparable with that of the natives of Port Moresby or New Britain so that they are not left behind in the eventual progress towards self-government and placed in a position of subservience to the more fortunate of their fellow countrymen. We are not labouring in Papua and New Guinea simply to hand over their destinies to a few "smart boys" and "shrewd heads" from Moresby and Rabaul. Similarly we have to make sure that the women are not left behind in the general progress'.

80. Wright *State Practice and Rural Smallholder Production*; 'Contesting community'

given to the development of agricultural extension services and designing projects for particular crops.

In the earliest phase of uniform development, raising the production of food for local consumption, marketed and non-marketed was emphasised. Concern at the rapid increase in food imports, especially rice, and the implications for self-sufficiency stimulated an ordering of priorities.⁸¹ The colonial administration was required to give equal importance to the production of non-marketed crops, including vegetables for immediate household consumption, as to the production of export crops. An early example of the success of this emphasis was provided in 1954 from the project for the expansion of indigenous production in the Madang and Sepik Districts.⁸²

This supervision also meant revising the Native Labour Ordinance to deal with the undesirable as well as desirable consequences of wage employment for indigenes. The Minister emphasised the need for administrative attention to be paid to the problem raised by casual employment increasing at faster rate than contract (ie. longer-term) employment. Because of the threat that casualisation posed to community, the Minister sought to find a means of checking 'the whole position of casual labour and the growing number of natives who are being divorced from village life'.⁸³ Hasluck refused to allow 'native labour policy' to be subordinated to

81. Hasluck *A Time for Building* p.130 states: 'Against this background [of increased food imports: SM] I stressed repeatedly that the improvement of agriculture meant in the future a high priority for the production of food. This meant primarily better gardening by native gardeners and their use of new crops, new methods and new implements.' Unfortunately, despite the availability of major holdings of Departmental and Administration records in Canberra and Port Moresby which could be used to document the success or otherwise of Hasluck's attempts to stress food production, there is still no substantial study that utilizes the written sources to assess the effects and effectiveness of policy and practice for food production across the entire colony.

82. NAA A518/1 C2/1/1 *Advancement of Native Agriculture-Papua & New Guinea 1954-1956* 27/3/54 W.L.Conroy, Acting Chief of the Division of Agricultural Extension to the Acting Director of DAS, reported that: 'In the Amele-Gogol area, which has been the longest under the influence of the project, we now have concrete evidence that in spite of the attention to crops, such as rice and cocoa, native food production is now at a much higher level than before the project was started. The Acting District Commissioner, Madang, told me during my visit last month that the market for native foods in the Madang area is now completely glutted and that he is exploring outlets for exports to other parts of the Territory'.

83. NAA M331/1 Item 74 *Native Labour Ordinance Papua and New Guinea* 1/12/52 Minute from Minister Hasluck to Secretary, Department of Territories. Hasluck was not the only powerful Australian concerned with this trend. See NAA A518 B822/1/6 *Papua & New Guinea...Finance. Establishment of Banking Facilities* 1/10/53 H.C.Coombs Governor of Commonwealth Bank to

the needs of private employers, emphasising the importance of fixed term agreements for 'regulated rotation' between smallholdings and wage employment. He also wanted state provision of technical education to increase the skills which would make it possible for Papua New Guineans to move out of low-paid unskilled labour positions.⁸⁴

Coordinating and supervising smallholder production also required further development of native village councils, subsequently local government councils, which had been first established at the end of the 1940s. Their establishment followed a major change in British colonial policy after 1947. The Colonial Office abandoned what had been termed indirect rule, exerting colonial authority through appointed indigenes.⁸⁵ The change was closely followed by the Administration in PNG and especially by David Fenbury, later Fenbury whom Huntley Wright appropriately describes as 'the chief architect of the Local Government Council system' in the Australian colony.⁸⁶

Fenbury had been present during the formation of the new post-war British colonial policy, visiting East Africa and on secondment to the Colonial Office when the change was occurring.⁸⁷ He intended to construct local councils as instruments of central administration control, not institutions for training indigenes in self-government.⁸⁸ Nor were the councils representative vehicles to be captured by the 'rising class of more astute and realistic entrepreneurs [which] is slowly but surely

Hasluck on the importance of village life following from his observation that a 'proletariat' was being formed in and around Port Moresby. Coombs recognised the difficulties of formulating administrative action, asking for Administration plans for dealing with 'danger and source of deterioration in native standards as well as providing a medium in which difficult and anti-social influences could grow. On the other hand, an increasing native population close to major townships and "capitalist" enterprises is necessary for their development'.

84. *A Time for Building* pp. 160-161

85. Hasluck seems not to have been aware of this change, retaining his own undergraduate 'prejudice' against what he termed 'the Lugard gospel of "indirect rule" as expounded and applied in West Africa'. Finding 'that the British colonial practice in Africa was much quoted [in PNG] by those few officers who thought at all about political advancement', Hasluck's out-dated view seems to have stimulated further his opposition to the British colonial experience as being at all applicable to Australian development policy for PNG. See *A Time for Building* p.165

86. Wright 'Economic or Political Development' p.194.

87. Fenbury *Practice without Policy* p.16

88. Cf. Wright 'Economic or Political Development' p.194; Robert Waddell 'Local Government Policy in Papua New Guinea from 1949 to 1973' *Australian Journal of Politics and History* V.XXV, No.2, 1979, p.186.

wrestling leadership from the traditional elders'.⁸⁹ As much as councils had indigenous members, colonial officials –including DCs and District Officers (DOs) – supervised their activities closely. Wright's conclusion regarding the policy under which these institutions were first established is that:

The primary objective of local government policy was to maintain indigenous attachment to land under conditions of *intensified economic activity*.⁹⁰

The extent to which councils became a forum for tussles between officials and members of the rising class of indigenous businessmen was soon apparent. When the local government policy had been launched in 1950, the Gazelle Peninsula had been chosen as the chief testing ground, where the first three councils had been set up. Establishment of the councils was supervised by the Senior Native Authorities Officer, who was based in the area. Subsequently, as a start was being made to setting up councils in other locations, including Hanuabada in urban Port Moresby, the policy to establish councils was extended to other parts of the Gazelle Peninsula where Tolai lived. Almost immediately, organised opposition appeared, with its leadership including a wealthy Tolai, one of the 'entrepreneurs'.⁹¹ The continued opposition to councils and the introduction of a head tax to pay for their operations eventually led in August 1958 to a violent confrontation at Navuneram, where two Tolai villagers were killed.⁹² Throughout

89. NAA M331/1 No.35 *D.Feinberg-Correspondence* 17/4/56 D.F. 'Notes on Native Policy' to Director, Department of Native Affairs, copy to Minister. Cf. Ghai and Regan 'The Law, Politics and Administration of Decentralisation in Papua New Guinea' p.7, where it is claimed that: 'Although these councils were supposed to provide an exercise in self-government, they had limited powers and were seen as an administrative arm of the central government...Denied administrative and financial resources, the local councils and the area authorities failed to democratise administration'.

90. Wright 'Economic or Political Development' p.200. [Italics in original]. As is noted below, this initial objective became less important by the late 1950s, when changes in smallholder agriculture and the Minister's greater concern for councils to play a political role in indigenous development shifted the emphasis away from councils being primarily economic instruments.

91. NAA M331/1, No.35 *D.Fienberg-Correspondence* 17/4/56 'Notes on Native Policy' p.10 describes 'the most notorious of the Tolai entrepreneurs, Mano of Nawuneram...(who) has bolstered his position by political activity which is essentially anti-administration in character...' Cf. Downs *The Australian Trusteeship* pp.137-147 describes the central role played from 1951 through to 1958 by Manoa 'a leader of the anti-council movement' at Navuneram. For a more recent description of Manoa's commercial and political roles, see Lowe *Smallholder Agrarian Change* Chapter 6 'Social Innovation'

92. Downs *The Australian Trusteeship* pp.136-147 discusses in detail the various factors behind the opposition, including intra-Tolai cleavages, indigenous ambitions and incipient anti-colonialism. On the specific case of opposition at Navunaram, led by Manoa, see also Lowe *Smallholder Agrarian Change* pp.152-156, where the reasons for opposition included concerns that an additional layer of government would further marginalise Tolais from the central administration, a belief that there were

the 1950s, as councils were set up in other areas, maintaining their economic role for the extension of smallholder activity under close official supervision became more important, as is shown in the final section of this chapter.

As was the case with local councils, scrutiny and direction was provided for other organisations formed to extend commercialisation of household consumption. The need to check the rise of indigenous accumulators and limit the extent of anti-colonial activism were seen as necessary corollaries of higher production on smallholdings and improved welfare for the bulk of the population.

From the late 1940s, cooperatives and rural progress societies had also been part of official plans for raising household production and consumption.⁹³ As Wright concludes:

The post-war model of co-operation adopted in Papua New Guinea drew extensively from British practice in Africa and Asia.⁹⁴

This model was central to the doctrine of colonial trusteeship, which rejected spontaneous indigenous activity as an adequate basis for cooperative operations and stressed the importance of administration efforts. While attempts were made to draw parallels between a supposed "communal type of living common to all village life", and "the idea of the co-operative effort",⁹⁵ the point of drawing the parallel was to develop another means, co-operatives, by which to increase household production and consumption without encouraging migratory labour, which would destroy communal living or community.⁹⁶

insufficient qualified Tolais to run councils efficiently, and the use of the Gazelle Peninsula for an administrative experiment. Collection of taxes to run local governments also raised objections.

93. Catherine Snowden 'Copra Co-operatives' in Donald Denoon and Snowden eds. *A time to plant and a time to uproot: A History of Agriculture in Papua New Guinea* Port Moresby: Institute of Papua New Guinea Studies, undated, pp.185-204

94. Wright *State Practice and Rural Smallholder Production* p.312

95. *State Practice and Rural Smallholder Production* p.313, citing the Registrar of Co-operative Section within the Department of District Services and Native Affairs C.J.Millar from a February 1950 document on the Native Co-operative Movement in PNG.

96. A point also made by Wright *State Practice and Rural Smallholder Production* p.314.

Co-operatives flourished initially, and their formation helped in checking indigenous accumulation while spreading the availability of goods for purchase.⁹⁷ However their role in increasing indigenous production of export quality crops was very limited. Co-operatives also contributed little to extending the range of crops grown and marketed by smallholders, since most produce marketing was of crops, including coconuts and copra, already grown and processed by smallholders. Even where co-operatives in rural areas aimed to combine trading, providing consumer goods sought by households, with production the former activity invariably dominated. As Wright notes, of the 134 rural co-operatives registered in 1953, 123 purported to be both producer and consumer co-ops.⁹⁸

Despite an initial important presence, with consumer-producer societies contributing to the first post-war increase in the indigenous marketing of copra, the societies had difficulties controlling the quality of the copra purchased for processing and competition from private traders. Consequently cooperatives were unable to attain a major position in marketing smallholder copra. When international prices declined from 1953, co-operatives became even less important for the processing and export of indigenous copra.⁹⁹ Most came to rely upon selling consumer goods to smallholders in order to survive.

Co-operatives were also regarded unsympathetically by key officials, including the Minister and Fenbury. Hasluck had a more political-ideological opposition to cooperatives and the support these received within the Administration and from missions.¹⁰⁰ Fenbury, however, was concerned that these organisations could not

97. *State Practice and Rural Smallholder Production* pp.317-322. Snowden 'Copra Co-operatives' p.190 describes the blocking role in these terms: 'By the 1950s it seemed that the Administration had set up bureaucratic devices to restrict local business initiative rather than to encourage it.'

98. *State Practice and Rural Smallholder Production* p.318

99. Cf. Wright *State Practice and Rural Smallholder Production* pp.322-328; Snowden 'Copra Co-operatives' pp.194-204.

100. *A Time for Building* p.152 details Hasluck's ambivalence toward cooperatives, emphasising the extent of Administration support for their expansion by the mid-1950s but also his continued 'doubt whether the co-operative movement was the whole answer to native participation in economic enterprises' in the face of the emergence of the 'exceptional native' as well as 'the native community produc(ing) its own tycoons, mobilizing their own families or clans..' See also p.268 where Hasluck refers to the co-operative movement 'having an economic effect but may be failing to have its full social effect because of the narrowness of the co-operative attack, or may even at

deal with what had become the central problem of smallholder production, how to raise productivity, or levels of per capita production.

The final section of the chapter takes up the late 1950s shift in uniform development, a change which in some respects was forced upon the colonial government by the successful expansion of smallholder production and consumption during the first period of uniform development. However first it is necessary to deal with the third pillar of uniform development policy, the emphasis upon applying administrative efforts comprehensively and in an egalitarian manner across the colony without favouring particular districts and peoples.

Comprehensive development

Uniform development meant, as Wright has indicated, 'an implicit notion of gradualism'. Citing Hasluck from a 1954 statement on land settlement, Wright points out that 'gradual development' meant the slowing "down of economic development until the indigenous people could share in it on a more equitable footing".¹⁰¹ The statement was made in the context of reforms to the administration of land policy which arose out of the rush by expatriates to obtain land in the central highlands, but also represented a broader policy position. As the Minister re-emphasised in the mid-1950s, comprehensiveness meant limiting unevenness across the colony, which required:

distributing administrative activity widely over the Territory...avoiding a concentration of expenditures in the established centres and of increasing the pace of welfare work among the women.¹⁰²

The uniformity of opportunity to which Hasluck referred regarding education policy had a liberal basis which also underpinned the intent to make uniform development comprehensive. As well as the advice Hasluck had received from the ANU

times be producing undesirable social effects', that is, by its stifling of individual household endeavours.

101. Wright *State Practice and Rural Smallholder Production* p.220

102. See also M331/1, No.2 *Discussions with Administrator in Canberra February 1956* Notes on Discussions held in the Office of the Minister for Territories, 1st and 2nd February 1956 pp.13-15. 'The Minister directed that the Administration must be conscious at all times of the need for a spread of the development effort...The Minister said that he would like to stress the matter of the advancement of women's education to make up a leeway in which women have found themselves in Papua and New Guinea. He would like to have a report from the Administrator on the present position in this matter and the progress that is being made'.

academics about the dangers of producing a 'poor white problem', he had been warned about the drive for economic and political advance by wealthy indigenes. The possibilities that administrative support would be provided to either or both phenomena struck at Hasluck's liberal concern for the rights of 'small property' owners.¹⁰³ In the PNG context, where the focus of concern was households in occupation of smallholdings, development policy intended that administrative effort would be applied across the whole colony to secure as well as extend rights to these particular Papua New Guineans.

Consequently, even if cocoa was first taken up by wealthy indigenes on the Gazelle Peninsula, agricultural extension services were directed to give substantial support to smallholder production of the crop in this area and also to the many other areas in the colony deemed suitable for growing cocoa. With food production for immediate and locally marketed consumption accorded equal importance to export crops, comprehensiveness required a similar colony-wide attention by DASF and other departments to a wide range of crops.

While one aspect of evenness was positive, to ensure that as much as possible households in all areas were provided with comparable services and resources, the second was clearly negative. There was an equally comprehensive application of state effort and resources to check the advance of particular peoples in specific areas. Hasluck's 1955 concern that education policy should not favour the 'smart boys' and 'shrewd heads' of Port Moresby and Rabaul has previously been noted. In the case of agriculture, areas of the country which were more advanced, including the Gazelle Peninsula, were not to be more favoured. Instead colonial policy was to favour a process of catching up, which meant greater attention by the administration to areas which were less developed commercially.

A challenge to uniform development as policy and administration

While colonial policy from the 1940s until the mid-1960s, with few exceptions systematically prevented further substantial alienation of land for ownership by

103. *A Time for Building* pp.217-218

large plantation firms, there was less certainty regarding European settlement by owner-occupiers. Considerable official encouragement was given to European settlement in the decade after World War II.¹⁰⁴ These farmers and would-be farmers were often favoured by colonial administrators, from Colonel Murray onwards and including Minister Hasluck. While this was in part a response to political pressures in Australia, the expatriate owner-occupiers were also encouraged in the belief that their presence would have a demonstration effect for indigenous smallholder agriculture. While after the war the most important focus for further land alienation became the Highlands, comprehensiveness as one of the defining elements of uniform development meant that the settler demands in one region had implications for over-all colonial policy.

With the prominent exception of freehold largeholdings obtained before World War II, and alienated land utilised for administration purposes, the bulk of land in PNG was held under customary title, secured by colonial state authority.¹⁰⁵ This form of title, whose seeming vagueness was initially its principal advantage, met the general objective of agrarian development, to protect indigenous land rights through the exercise of colonial authority.¹⁰⁶ Restraining expatriate settlers' demands for land had two purposes. Present indigenous occupants would not be pushed off their land to satisfy expatriate ambitions. There would remain an adequate supply of land for future indigenous requirements, including from migrant

104. Timms *The Post World War Two Colonial Project and Australia Planters in Papua New Guinea*

105. Peter Larmour *Land Policy and Decolonisation in Melanesia: A Comparative Study of Land Policymaking and Implementation before and after Independence in Papua New Guinea, Solomon Islands and Vanuatu* Unpublished PhD Sydney: Macquarie University, 1987. Figures which are often cited for the proportion of land which remained subject to customary title once alienation for plantations and government facilities occurred, such as 97%, are of limited use for several reasons. Apart from difficulties of precise measurement in often rugged terrain, this figure does not deal with such issues as soil fertility, rainfall frequency and volume, accessibility etc. As Peter Quinn 'Agriculture, Land Tenure and Land Law to 1971' in Donald Denoon and Catherine Snowden eds. *A time to plant and a time to uproot A History of Agriculture in Papua New Guinea* Port Moresby: Institute of Papua New Guinea Studies, n.d. p.171, notes: '(Alienated land) represents roughly 3% of all land in the country but includes a much more significant proportion of the best plantation land and valuable urban property'. Hence the use of the imprecise expression 'the bulk of land' here to refer to the amount of land held under customary tenure.

106. Hasluck *A Time for Building* p.114, notes how the Minister commenced with an awareness of the importance of 'lands policy and administration' even though he 'knew little or nothing about lands administration except in the setting of the early Australian colonies.' Nevertheless, he 'endorsed without question the long-established policy of protecting native land rights'.

workers who left the highlands to work in coastal and islands regions and subsequently wanted to return home to take up coffee growing.

By the early 1950s, as land pressure increased particularly where cash cropping was taking hold, it became obvious that erecting barriers against removing land from customary tenure, providing 'safeguards against unlimited alienation of native lands' in Hasluck's terms, required further legal and administrative changes. In 1952 the Native Lands Commission was established under the previous year's Native Land Registration Ordinance to determine 'land rights as between natives themselves...[and to protect] native lands from encroachment by non-natives'.¹⁰⁷ Problems immediately arose from the complexity of indigenous ownership and occupation of land.¹⁰⁸ The administration of alienation in circumstances where a measure of decentralised authority over land negotiations and purchase already applied also caused difficulties. The terms of indigenous smallholding ownership and occupation remained a running sore (see below), but alienation for expatriate settlement required an immediate solution.

A 'land rush' took place, particularly between Goroka and Kainantu in the Eastern Highlands District. Between 1952 and 1954, nearly 3,500 acres was alienated for European settlement in the District. Comprising about three quarters of the total area alienated between 1949 and 1960, the major expansion occurred at precisely

107. Both quotes are from Wright *State Practice and Rural Smallholder Production* p.408, citing an internal Department of Territories memo of April 16, 1953 from Hasluck. Cf. Quinn 'Agriculture, Land Tenure and Land Law to 1971' p. 174 who suggests that the Native Land Registration Ordinance, as well as the Commission established under the Ordinance 'would seem to have been part of [External Territories Minister] Spender's "overhaul" rather than a Hasluck initiative'. Thus according to Quinn, the Ordinance's principal purpose was to assist in meeting planter and ex-soldier demands for more alienated land, which Spender supposedly supported, by settling the limits of customary land so that unclaimed land could be declared Crown Land, and in turn made available for 'non-native development'. Quinn produces neither evidence nor argumentation to support this interpretation. Cf. Hasluck *A Time for Building* pp.114-118, where Hasluck acknowledges that the Ordinance was passed before he became Minister, but he appointed the first Chief Native Lands Commissioner as well as the Commissioner of Titles. Hasluck also indicates that while he immediately adopted 'the long-established policy of protecting native land rights', realizing 'how much was required as well as a policy' took longer.

108. Hasluck *A Time for Building* p.117, notes that Murray pressed Hasluck for the registration of indigenous ownership, while both were still unaware of the 'the immensity and complexity of the work that would be involved.' The relationship between ownership, usufructuary and use, cultivation rights was one source of difficulty, and disputation.

the time indigenous production also was increasing.¹⁰⁹ The early 1950s rise in the international price of coffee provided much of the impetus for the expatriate drive to secure land suitable for coffee growing, although land speculation was also a motive. With little previous agricultural experience and limited finances, many of the settlers had no success, failing even to plant a substantial proportion of the land they acquired.¹¹⁰ By the late 1950s, when international prices had fallen considerably from their earlier peak, centralisation and concentration of holdings had begun. Plantations moved from being operated by owner-occupiers into the hands of firms conducting operations as agricultural capital.¹¹¹

This early 1950s land rush exposed the underlying conflict between spontaneous and intentional development, particularly but not solely, over land policy. The conflict had to be resolved if the agrarian doctrine was to prevail. Resolution was necessary even though the movement of Europeans into the Highlands was not large in number, with only 26 'established on dispersed coffee farms in the [Eastern Highlands District] between 1952 and 1954', and 'another eighteen farms ...later established in the Western Highlands District, mainly in the Wahgi Valley'.¹¹² Nevertheless, the timing of the drive to acquire land by expatriates as well as the procedure by which land was being alienated from customary ownership forced Hasluck to re-emphasise his authority, including through the establishment of a new institution to oversee all future such transactions in the colony.

Before the land rush occurred, the procedure by which land was identified for alienation and subsequent sale/purchase had opened the way for considerable decentralisation of decision-making to the district level. Part of this decentralisation

109. Diana Howlett *A Decade of Change in the Goroka Valley New Guinea: Land Use and Development in the 1950s* Unpublished PhD Canberra; ANU, 1962, p.222, Table 4; Downs *The Australian Trusteeship* pp.174-186; James Sinclair *The Money Tree: Coffee in Papua New Guinea* Bathurst: Crawford House, 1995, pp.66-210

110. Howlett *A Decade of Change in the Goroka Valley, New Guinea* p.235 notes that in 1959 'many plantations had not begun to develop large portions of their land'. By Howlett's calculations, five years after the rush ended, undeveloped land accounted for 42.5 per cent of the holdings.

111. Cf. Downs *The Australian Trusteeship* pp.179-181; Downs *The Last Mountain* pp.261-274 Ch. 16 'Coffee and Politics'; Sinclair *The Money Tree* pp.228-296 ; MacWilliam 'Placing the Planters' forthcoming

112. Downs *The Australian Trusteeship* p.179

arose out of the Minister's own early decision, discussed above, to devolve more authority to district level officials, including DCs. According to one DC, Ian Downs, by October 1952:

there were already enough potential European settlers in the highlands (some of them government officers developing land in their spare time) to make the façade of settlement restrictions threadbare of either moral virtue or administrative effect.¹¹³

The first phase of expatriate settlement in the region, beginning in the 1930s and 1940s, had taken place through individual transactions between expatriates and indigenes. In May 1952, with Cleland Acting Administrator while Murray was on pre-retirement leave, restrictions on applications by expatriates were lifted by the Executive Council. Applications for not more than 200 acres were to be submitted to the Council, which would send these to the district office in Goroka for advice and formal application. 'Among applications later rejected by the (DC) at Goroka and not approved for further investigation were applications from Administration staff, real estate promoters and members of parliament in Australia'.¹¹⁴

Downs explained that much of the land offered for lease was in areas where ownership was disputed and the cause of fighting between indigenous claimants. He justified the sales by indicating that from 1952 until 1975, there was no case 'of a ground dispute between highland people and a settler occupying a "buffer" zone'.¹¹⁵ However much this 'dispersed settlement preserved the social and ecological balance' and made it possible for 'a few Australians to give widespread assistance to thousands of people',¹¹⁶ the process as well as the outcome immediately raised concerns in Australian academic and political circles.¹¹⁷

113. *The Australian Trusteeship* p.178. In October 1952 Downs was appointed DC of the Eastern Highlands District where most of the initial expatriate attention was concentrated.

114. *The Australian Trusteeship* p.178

115. *The Australian Trusteeship* p.179

116. *The Australian Trusteeship* p.179

117. K.E. Read 'Land in the Central Highlands' *South Pacific* October 1952, pp.440-449, 465; for more general concern over European settlement, see James McAuley 'White Settlement in Papua New Guinea' *South Pacific* V.5, No.12, 1952, pp.250-255.

At first these expressions of concern were pushed aside in the rush for land. However it was not long before the Minister too became involved.¹¹⁸ Hasluck lauded what on 'the one side seemed good' but '(t)he real problem came over land and then over roads'.¹¹⁹ Hasluck located 'the problem' as the side-stepping of the local land settlement board, established in 1952 to coordinate the actions of all departments involved in land development. In this version, out of the inabilities at the administrative centre decision-making had been devolved to the Highlands, where according to Hasluck, the DC took over.¹²⁰

While not impugning Downs' personal motives,¹²¹ Hasluck was determined to put a stop to the localisation of decision-making on land alienation. He wanted to prevent DC Downs – and by implication all DCs – from being a 'local ruler' of the district. Decentralisation of responsibility would be limited. The Minister introduced a series of administrative reforms against 'the weight of advice both from the Department and the Administration favouring an easier policy in respect of the acquisition of native lands in order that agricultural development by Europeans might be facilitated'.¹²² The Lands Department was strengthened and the formula by which lands could be assessed as surplus to indigenous requirements at present and in

118. I have been unable to discover exactly what stimulated Hasluck to pay greater attention to the alienation of land in the Highlands. His own published explanation is that between his first visit to the region in mid-1951 and early 1953, he was pre-occupied 'with other urgent matters (and) did not give close first-hand attention to changes in the highlands' (*A Time for Building* p.120). However Hasluck also at the time referred to events in the highlands as a "Kenya situation": see *A Time for Building* p.122. An interview with Hasluck on January 8, 1985 in his Perth office produced no more information. In particular, he denied that events in Kenya, where the Mau Mau revolt was gathering pace which would soon lead to the declaration of an Emergency, were any influence 'at all'. In neither his writings nor the interview, did Hasluck mention the ANU academics' caution against the possible emergence of 'a poor white' problem in PNG, discussed above.

119. *A Time for Building* pp.120-121

120. Cf. *A Time for Building* p.121 in which Hasluck claims that Downs, 'with the best of intentions and with an undoubted idea of bringing benefits to the native population, had become a promoter of settlement. He was urging his officers to buy land, which really meant inducing natives to sell land, as one of their main duties, he was making a rule-of-thumb decision of his own on how much land the natives needed for their own use, and then he also decided which of the European land-seekers should have this or that block. This inevitably meant the encouragement of "good types" and the discouragement of "the sort of chap we don't want". Downs was the "father" of the highlands': with Downs' version of how he acted in *The Australian Trusteeship* pp.178-179.

121. Cf. *A Time for Building* p.121 where Hasluck states: 'Downs was not one of my admirers. Although I thought of him something of a prima donna, I valued very highly his services. He was one of the few senior people with energy. He had a real dedication to his work. He was closely in touch with the native people and kept their interests at heart. He was a good first-contact district commissioner.'

122. *A Time for Building* p.123

the future more tightly defined. Through a newly constituted Lands Board, the Director of Lands based in Port Moresby became responsible for receiving all applications, assessing and purchasing land for expatriate settlement.¹²³

While applications previously accepted and in the process of being dealt with were allowed to proceed, and become part of the 1952 to 1954 increase of European farming in the Highlands noted above, there was no subsequent rapid expansion of largeholdings. Despite vociferous criticism, especially within PNG, the Minister stood his ground, and rejected proposals to devolve land matters back to DCs.¹²⁴

If checking the ambitions of particular Europeans was a relatively easy matter, the production and consumption increases of the first post-war decade raised more general and thus more intractable problems for uniform development. As well as trying to devise means to further increase smallholder output, especially by stopping fragmentation of holdings as populations increased, the colonial administration was under pressure from another anticipated direction. In particular, institutional arrangements intended to restrain local, particularly indigenous, capitalists were under challenge in those areas where cash cropping was most advanced. Uniform or even development was economically and politically threatened. While the problem of maintaining the rate of growth while checking the advance of local, especially indigenous capitalists first appeared in the early 1950s, after the middle of the decade it became greater.

Picking Up the Pace

Not 'going fast enough'

In January 1958, Territories Minister Hasluck publicly assessed the colonial administration's performance during the previous seven years during which he had held office. Summarising the discussion which had followed presentation of his

123. Howlett *A Decade of Change in the Goroka Valley, New Guinea* pp.223-224 provides the criteria by which from 1955 a mathematical formula was applied for land alienation as well as the detailed information which all applicants for leasing alienated land had to provide.

124. For some of the controversy, and Hasluck's 1954 statement denying a change in land policy, but in methods and procedures for obtaining alienated land, see NAA M331/1, No.58 *Lands Policy (Papua and New Guinea)*. See also Anon. 'Land Systems Come Under Fire In NG' *Pacific Islands Monthly* January 1955, p.19, p.138

paper to the Australian Institute of Political Science summer school, Hasluck suggested that comments had been based around an implicit question: 'Are we going fast enough?' He concluded:

Broadly speaking, we are not and there are many things that ought to be done which we are not doing. ...the limitation has not been on the intention to do more but has been based on the capacity to do more.¹²⁵

While dissatisfaction with what was occurring was a constant feature of Hasluck's ministerial persona, from the mid to late 1950s the Minister's sense of urgency became more pronounced. This was despite the fact that there had already been major extensions of plantings, including of coffee, cocoa and copra bushes and trees, with harvesting and processing increases becoming significant.¹²⁶ As Tables 1 and 2 indicate, for the three most important agricultural exports, coffee, cocoa and coconuts the post-war increases of smallholder growing and processing were spectacular. Coconuts had been grown in substantial quantities for local consumption and made into copra by smallholders for many years prior to World War II. However the widespread adoption of cocoa and coffee by household growers is entirely a post-war phenomenon.¹²⁷ From the early 1950s until 1975 total production for each of the three crops rose and household output became proportionately more significant. In each case, though at varying speeds, households became the most important producers, relegating plantation production to second position. The acreage planted to coffee on smallholdings exceeded that on plantations by the late 1950s, and output from these bushes surpassed the crop harvested from largeholdings by the mid-1960s. Cocoa production on smallholdings did not exceed that from plantations until after Independence, as Table 1 indicates, but its success as a smallholder crop began during the 1950s.

125. 'Present Tasks and Policies' in J.Wilkes ed. *New Guinea and Australia* Sydney: Angus and Robertson, p.136.

126. There is no colony-wide information available on the extent of production increases for immediately consumed and locally marketed crops. However, as noted below, both academic opinion and the World Bank survey mission of the early 1960s agree that the increase since the end of the war was substantial.

127. The experience on Karkar Island, Madang District is probably typical of indigenous cocoa growing during the inter-war years. Shand and Straatmans *Transition from Subsistence* pp.65-66 note that: 'Three islanders developed sizeable plantations (coconuts, or coconuts with cacao); one (Gaum) under the guidance of a European planter, another with assistance from the Lutheran mission.'

TABLE 1
COCOA AND COFFEE
1950-1975¹²⁸

CROP	1951	S/H %	1966	S/H %	1971	S/H %	1975	S/H %
COCOA	485**	n/a	15,561*	6	26,077*	31	38,580*	36
COFFEE	33*	n/a	10,665*	64	26,536*	72	35,042*	67

*Tons/Tonnes Total Production from Plantations and Smallholders

** 1951-52 Export Total

TABLE 2
COPRA
1954-1975¹²⁹

CROP	1954-55	S/H %	1969-70	S/H%	1974-75	S/H%
COPRA	99.2*	20	129.4*	34	131.9*	42

*('000) Tons/Tonnes Total Production from Plantations and Smallholders

The long-standing commitment to securing economic advance as a precondition for self-government was under growing pressure internationally. This advance, in the form of financial and other indicators of self-sufficiency, required even more attention to increasing agricultural production while retaining smallholder primacy.¹³⁰

128. J.P. Munnall and D.R.J.Densley *Coffee Agriculture in the Economy* A Series of Review Papers Port Moresby: Department of Primary Industry, c.1978, Table 4, p.28; D.R.J.Densley and M.A.Wheeler *Cocoa Agriculture in the Economy* A Series of Review Papers Port Moresby: Department of Primary Industry, c.1978, Table 1, p.3.

129. Wheeler, Sackett and Densley *Coconuts* Table 2, p.5

130. The extent to which into the early 1960s development policy for the colony continued to include the objective of 'primary production self-sufficiency' can be gauged from the materials provided to senior officers of the Administration in training courses. See The Australian School of Pacific Administration "*Indigenous Economic Development and Its Relationship to Social and Political Change*" No.7 Course for Senior Officers of the Territory of Papua and New Guinea Mosman, Sydney 1st April -26th April 1963, p.15 Chapter 6 pars.62-63 'Although most Papuans and New Guineans are subsistence farmers, food imports, to the extent of six million pounds annually, make a large proportion of the total import bill. Self-sufficiency in food production must be an early goal to reduce this drain of outgoing finance.... A largely agricultural economy should be able to supply the bulk of the food requirements of its own workers, and major effort must be directed to this end'.

The extent of the commercial change over the first ten years since the war ended, and particularly in the first half of the 1950s, had already been considerable. Between 1948/49 and 1954/55 imports increased by two and a half times, while the value of exports almost trebled.¹³¹ The production of copra, at the time the main agricultural export, had returned to its pre-war export level of just under 1000,000 tonnes by 1952-53. While smallholders only produced about twenty per cent of the copra output,¹³² an undocumented but substantial amount of coconuts was consumed by households. Replanting and new plantings boosted smallholder output as they did on plantations. In 1957, Spate pointed to the rapidity of change in indigenous agriculture. He stated:

The most significant feature in the native economy is that the trend towards production for the market seems to be both more rapid and more firmly based in the second [1951-55] than in the first post-war quinquennium [ie 1946-50].¹³³

There were also indications that the previous emphasis upon 'village' agriculture would not form an adequate basis for further growth. While households retained security of land tenure under customary title, and the colonial administration remained ever alert to further attempts to accumulate land as largeholdings, preventing fragmentation of smallholdings into ever smaller parcels was near impossible. Colonial officials, including the minister, became more and more aware of the complexity of indigenous ownership, occupation and farming patterns. Wright locates 1956 as the seminal moment when the object of development shifted from expanding household production of marketed crops utilising 'traditional patterns of land and labour usage'. Subsequently, without rejecting 'the assumption

131. NAA A518/1 CR 800/1/1 *Summary of Government Achievements During Each Year 'The Record of the Menzies Government 1950-1955'* November 1955 p.9. The money amounts are: Imports £A7.5m (1948/49) £A18.7m (1954/55; Exports £A 4.1m (1948/49) £12.0m (1954/55). The main increases in recorded marketed produce, by price, occurred in sawn timber, plywood, copra, rubber, cocoa, coffee, rice, peanuts, and passionfruit juice.

132. Wheeler, Sackett and Densley *Coconuts* p.5. See also NAA M335/1, Item No. 3, *Departmental Brief on Agriculture and Land. January 1954* 'Papua and New Guinea. Agricultural Production and Marketing' p.2 The document also noted the substantial potential for further increases in copra production from 'native coconut palms', including 'as a result of an intensification of extension work amongst natives'.

133. 'Problems of Development in New Guinea' *South Pacific* V.9, No.7, 1957, p.453. In his 1958 speech noted above, Minister Hasluck too stated with reference to external as well as domestic forces 'that the rate of change is accelerating'. See 'Present Tasks and Policies' p.84. He also expressed concern (p. 88) at 'the unevenness of the progress of the people', because of the opportunity this presented for the 'native demagogue'.

that labour effort remained fixed in land', attention turned to formulating means of lifting the 'low returns to labour' and to altering 'a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas'.¹³⁴

As is shown in more detail in Chapter 6, the highly successful expansion of indigenous cocoa growing in the Gazelle Peninsula and smallholder coffee production in the Highlands provided a template for colonial development policy. Although some substantial indigenous growers appeared early as planters of these crops, determined administrative action as well as the increasing attraction of cash incomes to purchase consumption goods also spurred major smallholder plantings. In the Highlands, out-migration to coastal and islands areas for wage employment became less attractive as households gained cash income from coffee. On plantations in the Eastern Highlands many wage workers came from adjoining areas where less smallholder coffee was grown.¹³⁵

During the mid-1950s, officials recognised these changes and intensified their pursuit of uniform development. Emphasising the 'need for a spread of development effort', the Minister told Cleland during discussions in February 1956, that while:

some local groups would outstrip all other groups in development; whilst there should be no conscious effort to hold back the rate of development in rapidly advancing areas the major effort should be concentrated on accelerating progress in other areas; and there always had to be kept in mind the responsibility which we had, to try to ensure uniform development.¹³⁶

Two months later Fenbury reported that: 'A slow ferment is discernible in native society in most of the areas visited'. The ferment included the drive by the 'average villager' to find 'accelerated ways of bridging the obvious gap between his living standards and those of non-natives'. There was also a changing of the guard in indigenous leadership, with the 'native entrepreneurs' taking over from 'the

134. All quotations in this paragraph are from Wright *State Practice and Rural Smallholder Production* p.334.

135. Howlett *A Decade of Change in the Goroka Valley, New Guinea* pp.231-234

136. NAA M331/1, No.2, *Discussions with Administrator in Canberra February 1956* pp.13-14

traditional elders and achieving a grip on the native economy'.¹³⁷ While applauding the 'existence of [a] reasonably effective administrative machinery with an economic bias [that] has largely resulted in the entrepreneurs confining their activities to the immediate field of production' among Tolais on the Gazelle Peninsula, Fenbury warned against entrepreneurs engaging in other activities. He illustrated the danger by reference to a particular Tolai leader who strengthened his position 'by political activity which is essentially anti-Administration in character and against both the long-term economic and social interests of the people he dominates.'¹³⁸

Fenbury sought a solution to the problem of how to retain the primarily economic role of local authorities in intensifying supervision of household production, while shifting the focus of local government from a village to an area basis. For the architect of the local government policy, the principal objective was to stress the important role of the 'native local government system' in 'fulfilling (the) need for an integrating and implementing mechanism at native area level'. In order to put 'policy into effect', to raise living standards through increased smallholder production, Fenbury asserted that there was a need for 'some form of permanent area organisation'. This need was to be filled by local councils as the future embodiments of the 'hard headed practical administration' which had resulted over the previous three years 'in systematic progress'.¹³⁹ Villages, as the previous focus of administrative attention, were too small and an inadequate basis for moving the indigenous population beyond the mythical ideal of 'the sturdy peasant farmer', unrealised 'anywhere in the world' according to Fenbury.¹⁴⁰

Against Fenbury's preferred position, the Minister wanted to emphasise the political representative role of councils as a training ground for indigenous politics. That Hasluck held such a view, despite the increasing evidence that these and other

137. NAA M331/1, No.35 *D.Fienberg-Correspondence* 17/4/56 Fienberg to Director, Department of Native Affairs, copy to Minister, 'Notes on Native Policy' p.10

138. NAA M331/1, No.35 *D.Fienberg-Correspondence* 17/4/56 Fienberg to Director p.10

139. *Practice without policy* p.279

140. NAA M331/1 No.35 *D.Fienberg-Correspondence* 17/4/56 Fienberg to Director p.12.

local organisations including cooperatives¹⁴¹ were often an important base for the indigenous bourgeoisie, is further testament to the contradictions inherent in development, spontaneous and intentional, as a process. As the numbers of local government councils in the colony continued to increase during the 1950s and into the early 1960s,¹⁴² the tension between these organisations' economic and political roles increased further, especially in areas where indigenous accumulation was most pronounced.

While 1956 may have been the seminal year when the colonial administration made a decisive shift 'towards a policy of individual household production, as opposed to the development of communal ventures',¹⁴³ the outcomes which provoked the shift had been intrinsic to the establishment of smallholder export crop production, particularly cocoa on the Gazelle Peninsula, since the early 1950s. By 1952, indigenous growers had planted more than half a million cocoa trees in that area.¹⁴⁴ While the case of cocoa is considered in more detail in Chapter Six below, here it is sufficient to note that from the early 1950s there had been official efforts to shape the rapid expansion of cocoa planting and processing on an individual household basis. These efforts included legislation specifying a minimum number of 500 trees to be planted in one continuous grove as an attempt to prevent further fragmentation of indigenous land holdings and to make state supervision of plantings through agricultural extension services easier.

141. Jackman *Copra marketing and price stabilization* p.117 states of the decline of rural cooperatives: 'In retrospect, it is clear that the emergence of Papua New Guinean individual entrepreneurs from the late 1950s on has been the main cause of the gradual demise of the copra marketing and other cooperatives'.

142. Downs *The Australian Trusteeship* p.136 documents the expansion. From 4 councils, with 72 councils covering an approximate population of 15, 400 people in 1951, by 1963 there were 50 councils, with 1,518 councillors covering over half a million people. Other figures Downs cites from a debate in the Australian parliament in May 1963, suggest an even greater increase to 78 councils with closer to 700,000 people. As more and more emphasis was placed on political development, the councils became an important forum for ambitious Papua New Guineans as well as a means of tying local populations of rural smallholders to electoral politics (see Chapter 4 below).

143. Wright *State Practice and Rural Smallholder Production* p.333. The shift was highlighted in a paper prepared by Department Secretary C.R.Lambert 'Native Economic Development in Papua and New Guinea' which emphasized the change in 'developmental approach from village agriculture to individual household production' (Wright *State Practice and Rural Smallholder Production* p.345). See also R.J.Cheetham 'The Development of Indigenous Agriculture, Land Settlement, and Rural Credit Facilities in Papua and New Guinea' *The Papua and New Guinea Agricultural Journal* v.15, nos.3-4, December-March 1962-1963, pp.67-78

144. NAA M335/1, Item No. 3, *Departmental Brief on Agriculture and Land. January 1954* 'Papua and New Guinea. Agricultural Production and Marketing' p.6

If low productivity smallholder production on increasingly fragmented, smaller plots of land was undesirable, intentional development required even more substantial state coordination and supervision to raise productivity of households across the colony. In order to extend the developmental role of the colonial state, a further increase in state expenditure was required. The low proportion of revenues raised in the colony limited expenditure from this source and was an impediment to pressing the Australian government for further funding.

Funding and the increased administrative effort

Pressure to increase locally raised revenues had begun in 1955, as the result of Hasluck's continuing but unsuccessful efforts to obtain substantial forward commitments for development funds from the Menzies government and Commonwealth Treasury. He was directed by Cabinet to increase the revenues raised in the colony, including by taxing expatriates resident there. The target set for the colonial administration was that 'local revenues would be about 30 per cent of the total annual expenditures in the Territory.'¹⁴⁵ In 1956 Treasury and the Department of Territories collaborated in preparing income tax legislation for PNG. Delays occurred in drawing up the legislation, which also provided time for the opposition to the measure to become organised. Only in July 1959, after attempts by the Administration to raise revenues by other means, was the income tax legislation passed by the Legislative Council in PNG.¹⁴⁶ Between 1959 and 1963, when Hasluck ceased to be Minister for Territories, Administration expenditure increased from over A\$11 million to nearly A\$17.5 million.¹⁴⁷ Locally raised revenues as a proportion of total revenues had begun to increase. As the next chapter shows, however, it was also in 1959 that Hasluck and the Department began to consider the possibility of obtaining World Bank advice on how to lift the rate of growth even further.

145. *A Time For Building* p.261.

146. As well as Hasluck *A Time for Building* pp. 258-265, Ch.23 'The Row Over Income Tax', see Downs *The Australian Trusteeship* pp.186-195

147. Downs *The Australian Trusteeship* p.257, Table 9.1

Despite the limits placed on further alienation of land for largeholdings, as discussed above, the extent of land shortages as a barrier to the continuous extension of smallholder agriculture rapidly became apparent. In 1956, Minister Hasluck instructed the Department, and through it the Administration to give 'urgent attention to future land policy'.¹⁴⁸ Attention soon turned to acquiring unused or under-utilised freehold land on largeholdings which had been established prior to World War II on alienated land. The possibility of compulsory acquisition was considered but not pursued.¹⁴⁹

In order to increase the supply of land necessitated by the drive towards individualisation of indigenous smallholder agriculture which the colonial administration favoured, a series of settlement schemes had been and continued to be constructed. These aimed to reduce the growing landlessness which followed from the expansion of smallholder agriculture in some areas. In 1952 the Administration had given the Rabaul Local Government Council a 99 year lease for one thousand acres of land at Keravat, to provide a partial solution to increasing landlessness among Tolai. The schemes were subsequently extended in 1956 to 800 acres purchased for the Amenob LGC in the Madang area, to 390 acres obtained by the Vunamami LGC, on the Gazelle Peninsula, for land in the Warangoi Valley. The schemes were a deliberate attempt to combine household production of immediately consumed food crops with marketed produce, and were largely predicated on the premise that little or no wage labour would be employed on a continuing basis. From the late 1950s, some individuals were provided with loans.¹⁵⁰ These schemes were continued into the 1960s in other areas.

As was obvious from the relatively small acreages provided and the few individuals who obtained land,¹⁵¹ resettlement had a minimal impact on the increasing

148. *A Time for Building* p.320.

149. *A Time for Building* p.322

150. Cheetham 'The Development of Indigenous Agriculture...' ;Quinn 'Agriculture, Land Tenure and Land Law to 1971' pp.176-179; Sumer Singh *A Benefit Cost Analysis of Resettlement in the Gazelle Peninsula* New Guinea Research Bulletin No.17 Canberra and Port Moresby: New Guinea Research Unit, ANU, September 1967; Wright *State Practice and Rural Smallholder Production* pp.379-388

151. Singh *A Benefit Cost Analysis* p.3 states that by 1967, there 'are already forty-nine land resettlement schemes in existence in different parts of the country. These schemes include 1,768

landlessness. So too did the attempts to reform land tenure, which came up against continuous indigenous resistance as well as the ineffectiveness of administration efforts. Quinn noted that in the '10 years of operation [of the 1951 Native Lands Registration Ordinance] no systematic registration of ownership was undertaken and of 472 applications for individual registration 176 only were determined and none registered'.¹⁵² A more damning conclusion was reached by Robin Hide, who stated that with constant disputes about land ownership and occupation 'the Native Land Registration ordinance might as well not have existed as far as the Chimbu region was concerned, until after 1957'.¹⁵³ Even after this year, little changed, except for the occasional presence of a Native Lands Commissioner, based in Goroka, to whom major land disputes were referred but who rarely settled them.¹⁵⁴

In any case, as was recognised by officials in Canberra and the colony, not only did formalisation of ownership have the potential to undercut community, it did not necessarily lead to increased productivity. Individual titles could just as easily lead to further fragmentation and declining productivity as to consolidation of holdings and higher output per unit of labour. Impoverishment and landlessness, along with destruction of 'village life' could arise out of individualisation of land tenure, even in the unlikely event that popular support could be gained for such a major reform.¹⁵⁵ In any case, as Wright notes, as long as the Native Lands Commission followed the earlier instruction to register landholdings in the name of clans and not individuals, there was a conflict between the process of registering indigenous

blocks of varying sizes and 1,256 of the blocks had been allocated to settlers by the end of 1965'. Cheetham 'The Development of Indigenous Agriculture...', p.72, Table 1, indicates that between September 1959 and March 1963, 634 leases were made available in 12 locations.

152. 'Agriculture, Land Tenure and Law to 1971', p.176, citing Theo Bredmeyer 'The registration of customary land in Papua New Guinea' *Melanesian Law Journal* v.III, no. 2, 1975, p.269. For the introduction of this Ordinance, and the dispute over its objective, see fn.110 above.

153. *The Land Titles Commission in Chimbu: An Analysis of Colonial Land Law and Practice, 1933-68* New Guinea Research Bulletin No. 50 Canberra and Boroko: New Guinea Research Unit, ANU, 1973, p.25

154. *The Land Titles Commission* pp.25-28;

155. Quinn 'Agriculture, Land Tenure and Land Law to 1971', pp.176-179, captures the sense of floundering during the mid- to late-1950s among officials, including Minister Hasluck, over the appropriate direction to be taken in land reform.

ownership and the post-1956 shift in official practice to encouraging individualisation of land tenure.¹⁵⁶

The shift to individualisation as the basis for increasing household production, and the increasingly political rather than economic role for local government councils, resulted in a heightened need for another section of the colonial administration to take up the coordinating and supervisory role of smallholder agriculture.

Accelerating uniform development required a colony-wide mechanism: the agricultural extension services gained further importance under the turn to intensification after 1956.

In 1927 a Division of Agricultural Education had been formed within the Department of Agriculture. Soon after a Native Agricultural School began operations at Keravat, with a focus on teaching indigenes about 'the cultural practices of economic crops'.¹⁵⁷ Patrols by officials commenced in 1932, with the aim of 'improv(ing) the maintenance of copra groves and to introduce new food crops, thus improving the native diet and preventing famine'.¹⁵⁸ Religious missions too 'played a direct agricultural extension role in encouraging local people to engage in cash cropping and by providing market services'.¹⁵⁹

After the war, when the Department of Agriculture, Stock and Fisheries was formed, Agricultural Extension became one of five divisions, with an establishment of 54 agricultural officers. With post-war reconstruction the foremost task, the Division focused on trying to raise food production by smallholders. Activities to support this direction included importing improved pig and poultry strains to raise protein levels.¹⁶⁰ Extension officers, prodded by Department head W Cottrell-Dormer, became involved in rice growing projects in the Mekeo, Madang and

156. *State Practice and Rural Smallholder Production* p.408

157. Dick and McKillop *A Brief History of Agricultural Extension and Education in Papua New Guinea* p.14, see also pp.17-18

158. *A Brief History* p.14

159. *A Brief History* p.16

160. *A Brief History* pp.20-22; Robin Hide *Pig Husbandry in New Guinea: A Literature Review and Bibliography* Canberra: Australian Centre for International Agricultural Research, 2003, pp.8-9. As Hide notes (p.8), although there are substantial archival sources available, there is as yet no account of the major post-war program to upgrade the stock of village pigs.

Sepik. This involvement was an attempt to build upon the initial enthusiasm of prominent indigenes for the crop and operated through Rural Progress Societies (see Chapter Two above and Chapter Five below).

During the early 1950s, agricultural extension officers were instrumental in the expansion of immediately consumed food production as well as marketed crops by smallholders. Most attention has focused upon the responsibilities of specific officers for the very rapid increases of cocoa and coffee production on the Gazelle Peninsula and in the central Highlands.¹⁶¹ However activities to extend export crops to other areas,¹⁶² and promote greater levels of food cropping were no less indicative of the comprehensive ambitions underlying intentional development. Contrary to the claim that during this period agricultural policy focused upon 'plantation crops', and a few more advanced areas,¹⁶³ the promotion of village agriculture across the colony lay at the centre of ministerial and eventually departmental concerns.¹⁶⁴

Attention has been drawn previously to how in the early 1950s extension activities in Madang operated to successfully integrate export crop production with food growing for immediate consumption and local markets. Here it is only necessary to point out that these efforts did not stop at the main population centres, or where agricultural conditions were especially favourable. The comprehensiveness required under uniform development meant a colony-wide focus. In July 1954, for instance, the Administration issued a press release noting the work being done on a coffee planting project near Lae, on the mainland, as well as on the Mortlock and

161. *A Brief History* pp.22-26. See also Chapter 6.

162. For the extent of cocoa projects coordinated and supervised by extension officers beyond the Gazelle Peninsula, see: PNGNA Accession No. 12, Box 16,706, Files No.23-3-1 c, g, h, i, j, k, l- parts 1 and 3, m, n, o, p. These files deal with projected cocoa projects over a twenty year period from the early 1950s in non-Tolai areas of New Britain District, and in the Districts of Morobe, Bougainville, New Ireland, Manus, Sepik, Madang, Northern, Milne Bay, Central and Gulf.

163. Dick and McKillop *A Brief History* p.22-26

164. Hasluck *A Time for Building* pp.133-136. The Minister noted how improving pig strains, introducing cattle into village areas and beginning fish ponds in the Highlands were also part of administration efforts. According to the Minister, in the early 1950s, there was not unanimous support for the preferred direction: 'The weight of departmental opinion and advice was on the side of producing crops for export and, to that end, embarking on planned development with white settlement and white ownership'. While not opposed to export crop production, Hasluck's 'obstinacy' [his term:SM] was directed at giving primacy to food production.

Tasman Islands, 250 to 500 kilometres east of the main Bougainville island. Having a total population of just 437 people, the atolls with a maximum height of fourteen feet above sea level had little soil for growing crops. Shipping contact was rare prior to 1952-1953 during which period there were visits by three Administration patrols. Subsequently, under strict health requirements for ship crews, 'a trading vessel is now making periodic calls to buy copra and trochus shell.'¹⁶⁶

A central feature of extension activities was distribution of improved seed and planting material, either from stations or when officers went on patrol. In 1952-1953, to take just one example, smallholders were provided with cocoa and coffee seedlings, sweet potatoes, cowpeas, a range of vegetable seeds, rice, maize and sorghum seed, tree seeds and cinchona seedlings.¹⁶⁶ Expanding the planting of coconuts as a food crop and for copra production was a constant pre-occupation of extension officers. The importance of what were termed native subsistence foods was also central to these activities, 'both to improve the quality and yield of existing food crops and to encourage the natives to grow new crops which will be of value to their diet.'¹⁶⁷ Peanuts, initially distributed for locally consumed food, increasingly filled this role as well as becoming a minor export crop.¹⁶⁸ Unsuccessful efforts were made too to find markets in Australia for the expanding local production of betel nuts, used in powder form as a cleansing drug for intestinal worms in animals, in dyeing and tanning of hides and in the preparation of dentrifices.¹⁶⁹

165. NAA A518/1, C2/1/1, *Advancement of Native Agriculture-Papua & New Guinea, 1954-1956*, 12/7/54 Administration Press Release 'Diversity in Native Economic Development'. See also A.D. Boag and R.E. Curtis 'Agriculture and Population in the Mortlock Islands' *Papua and New Guinea Agricultural Journal* v.12, no.1, 1959, pp.20-27

166. NAA A518/1, C2/1/1, *Advancement of Native Agriculture-Papua & New Guinea, 1954-1956* R.E.P.Dwyer, Director, DASF Agricultural Extension and Native Production A Report to the Administrator of Papua and New Guinea in August 1953 on the activities of the Division of Agricultural Extension in regard to Native Agricultural Production , p.3

167. Agricultural Extension and Native Production p.5

168. Agricultural Extension and Native Production p.4; NAA A518/1, H927/4, *Economic Development of the Territories-Commodities-Peanuts 1950-1958*; NAA A452/1, 1957/3952 *Peanut Industry in Australia-Territories-Marketing in Australia 1951-1960*; NAA A452/1, 1959/647 *Visit of Queensland Peanut Marketing Board 1959-1959*. Hasluck *A Time for Building* pp.294-295 criticises the opposition of Australian farmers to the importation of PNG peanuts, stating that: 'Our attempts to promote the growing of peanuts in the Markham Valley were resisted as a threat to Australian peanut growers'.

169. NAA A518/1, GZ812/1/7, *Betel Nuts-Market for 1954-1956*

In late 1953, extension service officers were located at fifteen stations.¹⁷⁰

Patrolling to extend the reach of extension services beyond district and sub-district agricultural stations was a continuous feature of the division's work. Estimates of the amount of time spent patrolling varied from 90%, for the officer-in-charge of the native cocoa project on the Gazelle and at Dagua, where there was no fixed station, down to 20% where officers had to combine patrolling with running a one-man agricultural station.¹⁷¹

Such was the importance attached to extension work among indigenous households, that by 1954, a staffing level of 114 European officers had been approved for the Division, more than double the figure eight years earlier. However the international shortage of skilled agriculturalists was so great that filling these positions was estimated as likely to take a further six years. As the head of the Division noted in a memo to the Administrator: 'No matter how successful our recruiting programme is, it will be at least five years before agricultural services can be provided to natives in many areas of the Territory'.¹⁷² Yet again, development goals for the colony came up against international conditions which were the principal determinant of the market for another commodity, skilled labour power.

As one means of trying to overcome the shortages, Minister Hasluck insisted on closer cooperation between staff from the Division of Agricultural Extension Services and the Department of District Services and Native Affairs. At the same time, Hasluck increased the work-load for DASF officials by insisting upon a six monthly report on progress in indigenous extension work and its relationship to annual district indigenous agricultural development plans. In March 1955, the first six monthly report on extension activities was provided, covering the period July to December 1954. Subsequently the Minister was an avid reader of and commentator upon these reports.

170. Agricultural Extension and Native Production p.5. The stations were Maprik, Dagua, Bogia, Madang, Finschaff, Kainantu, Goroka, Mt Hagen, Rabaul, Lorengau, Sohamo, Samarai, Port Moresby, Inauaia and Beipa.

171. Agricultural Extension and Native Production p.1

172. A518/1, C2/1/1, *Advancement of Native Agriculture-Papua & New Guinea, 1954-1956* 29/3/54 F.C.Henderson to Administrator

Intensified extension efforts had to conform to what was acceptable internationally. The Minister and Department ensured that local policy recommendations did not stray from what would be approved under UN trusteeship terms. Thus a proposal generated at the District Commissioners' Conference held at Lae in September-October 1953, and supported in principle by the Administrator, was quashed. Local extension officers and other officials wanted to re-introduce the pre-war policy of compulsory planting of crops by indigenes, but this could not be permitted.

As local government councils became less and less useful for area administration of smallholder agriculture, extension activities became more important. By mid-1959 there were 66 qualified expatriate extension officers and around 120 Papua New Guinean assistants.¹⁷³ In late 1959, the Minister announced a three year plan for a further substantial increase in agricultural extension personnel, to strengthen the Extension Division within the Department of Agriculture, Stock and Fisheries. As well as the establishment of an additional 22 agricultural extension centres, an extra 74 European officers and 120 indigenous agricultural assistants were to be recruited. With the extra personnel and facilities, a further 1,000 indigenous farmers were to be trained annually in improved agricultural methods. The Minister anticipated a major increase in indigenous production of both food for immediate consumption and local sale, and export crops.¹⁷⁴ In 1962, there were forty-five extension centres operating and since the 1959 announcement of Hasluck's three year plan, around 3,000 Papua New Guineans had received agricultural training at the centres.¹⁷⁵ By 1962, the Department of Territories was requiring preparation of

173. Downs *The Australian Trusteeship* p.132

174. 'Minister Announces Major Increase in Extension' *The Papua and New Guinea Agricultural Journal* V.12, Nos.2-3, September-December 1959, p.48. See also NAA A452/1, 1957/356 *Agricultural Extension Policy-Objectives and Administration Action – P and NG, 1956-1960* which includes two maps of planned extension expansion across PNG, as well as a 114 page document prepared in April 1957 by J.O.Smith, the officer in charge of the Agricultural Section in the Department of Territories, headed 'Agricultural Extension-Papua and New Guinea Objectives of Policy and Proposals for Lines of Administrative Action to Achieve Objectives'. This and other documents in the file stress, once again, the importance given to the improvement of what was termed 'subsistence village farming', as the basis upon which increases in marketed production would occur.

175. Downs *The Australian Trusteeship* p.132. See also NAA A452/1, 1962/8276 *Agricultural Extension Work in Papua & New Guinea, 1961-1967*, which includes a memo 23/12/60 Administrator to Secretary, Department of Territories, reviewing progress with agricultural extension work, in which Cleland notes that the main hold-ups to implementation of planning are shortages of personnel, and bottlenecks in shortages of housing and other facilities, as well as land, which were

a five year plan for further expansion of extension activities, and Hasluck was still urging the Department to keep a close watch on the Administration to see that extension work was a priority. In October 1962, the department released a Ministerial Press Statement announcing the approval of the five year plan:

which would mean that the emphasis now being given to agricultural extension work among the indigenous people of Papua and New Guinea will be greatly intensified.¹⁷⁶

Conclusion

During the 1950s, while the emphasis on the military significance of PNG for Australia's security waned,¹⁷⁷ colonial development was given greater priority and a more precise definition. Through the policy of uniform development major increases in production occurred. Despite substantial challenges to what was intended to happen, by the end of the decade the bulk of the population remained attached to smallholdings and probably had considerably higher living standards.¹⁷⁸

holding up capacity to increase extension activities. Hasluck's impatience with what had been achieved is also apparent from a hand written note on a subsequent memo of 19/1/61 to another official in the Department regarding providing needed resources for extension personnel. The Minister urged: 'It should be impressed on the Administrator that this work is at the forefront of Government policy. What is approved is the minimum. Every encouragement should be given to the Agricultural Department to improve on the minimum requirement and no opportunity of doing so should be overlooked.'

176. NAA A452/1, 1962/8276 *Agricultural Extension Work in Papua & New Guinea, 1961-1967*. The statement emphasised an intended increase in the number of professional extension staff, including indigenes, more indigenous agricultural assistants, 'establishment of two additional sub-diploma agricultural institutions' for indigenous youths and the 'establishment of approximately 50 agricultural extension centres from which extension staff can operate' and conduct agricultural demonstrations. As part of the extension work, in November 1962 the Department of Agriculture had imported 200 day-old chicks to improve village poultry flocks.

177. However Australia's role in PNG's security remained part of the official conception of trusteeship for the colony. As Hasluck pointed out in a 1958 speech: 'The trust to the people of (PNG) can only be carried out if there is peace, with freedom from enemy invasion of their country. The defence of (PNG) means defence by Australia. The power of Australia to defend all her territory depends in part on the security of (PNG)'. 'Present Tasks and Policies' in J.Wilkes ed. *New Guinea and Australia* Sydney: Angus and Robertson, 1958, pp.78-79

178. Up until 1965, at least, as the area of the colony which came under colonial authority was extended, the precise size of the indigenous population could not be known. Subsequent censuses have faced other, no less important, difficulties. The best indicators of improvements in welfare are probably those which suggest declining mortality rates from 1949 onwards for adults and children in different areas. See R.F.R.Scragg 'Historical epidemiology in Papua New Guinea' *Papua New Guinea Medical Journal* v.20, no.3, September 1977, pp.102-109; Economic and Social Commission for Asia and the Pacific, and South Pacific Commission *Population of Papua New Guinea* Country Monograph Series No.7.2 New York and Noumea: United Nations and South Pacific Commission, 1982, p. 167 Table 106 'Department of health field surveys of mortality, 1949-1952 to 1971-1976'. I am indebted to Robin Hide for drawing my attention to these sources and for

The continuing tussles to raise revenues and improve the effectiveness of the colonial administration suggested that further increases in smallholder production would be difficult to achieve. International and domestic pressure for political and administrative reforms would create more space in which the representatives of indigenous capital and its allies could challenge colonial policy. While recruiting more Papua New Guineans into state employment, especially managerial positions, and changing the Legislative Council's membership to include a significant number of elected indigenes would satisfy critics of Australian rule at the UN, the changes could also reduce the power of the Minister and his officials which had been crucial for uniform development.

Chapter Four

From Accelerated to Threatened Development

Introduction

By the late 1950s it had become clear that the gradualism of uniform development could not satisfy international or internal PNG demands for rapid economic growth and major political reforms. Minister Hasluck's 1958 acknowledgement, noted in the last chapter, that the colonial administration had an increased role to perform in bringing development did not indicate anything but a desire to maintain the current priorities at a higher level of application. It was uncertain just how the policy direction which gave primacy to smallholder agriculture as the basis of improved living standards could be further changed, while the colony moved toward the ultimate objectives of trusteeship, self-government and a substantial degree of economic self-sufficiency.

This chapter initially shows how a further phase of development thought was shaped and then implemented as state policy. In the mid-1960s the need to obtain greater financial assistance to increase the developmental capacity of the colonial administration led to a change away from uniform to accelerated development. This change gave spontaneous development, in the form of increased investment and other commercial activities by private firms, a renewed importance, including because the economic growth would provide for higher taxation revenues.

Subsequently, as faster growth occurred during the mid- to late 1960s and the colonial administration planned to lift the rate even further, accelerated development was subject to criticism. The second section of the chapter details the phase in which accelerated development was dominant, and the start of sustained opposition to it. While the gathering pace of the move to self-government provided a focus for some criticism, other objections were raised. These criticisms combined anti-colonial nationalism with concerns about increasing landlessness and unemployment, which had become especially prominent in major urban centres under the policy of accelerated development. The objections coincided with a shift occurring in international thinking about development, which focused attention upon how growth could be associated with redistribution.

The period between the formation of the Michael Somare-led coalition government in April 1972 and formal independence in September 1975 was noted for the unresolved political conflicts among indigenes. These conflicts often centred on what redistribution was to mean, especially for land being vacated by departing expatriate plantation owners. The third section of the chapter shows how development thought in and for PNG during the transition retained the emphasis upon the primacy of 'village life', even as securing smallholders upon land at increasing levels of marketed production had become a less certain component of state policy. One important dimension of the conflict which gave rise to the uncertainty about development policy was the growing political and economic ascendancy of indigenous capital. The political and economic power of this class made it unlikely that independent PNG governments would design policies which gave smallholder agriculture primacy.

Changing Development Priorities

Criticism of Australian colonial policy at the United Nations in 1959, again in 1961, and domestically from Australian Labor Party Federal MPs,¹ began to reflect growing unease about key aspects of the Federal Government's development policies for the colony. Although Australian colonial policy became more definite about the objective of self-government, changing from anticipating that the movement to self-government might take decades to instead favouring 'sooner, not later',² there remained considerable uncertainty about how and when this might occur.

1. Downs *The Australian Trusteeship* pp.232-234

2. Upon returning from the 1960 Commonwealth Prime Minister's Conference, held in London, the Australian Prime Minister Robert Menzies made a statement which included the sentence: 'Whereas at one time many of us might have thought it was better to go slowly in granting independence so that all the conditions existed for a wise exercise of self-government, I think the prevailing school of thought to-day is that if in doubt you should go sooner, not later'. Almost immediately afterwards, partly to ease concerns raised by expatriate settlers and representatives of international firms that this meant a major change in policy, both Menzies and Hasluck emphasised that no speedy moves towards self-government and independence would occur for PNG. See Minister for Territories *Papua and New Guinea: Some Recent Statements of Australian Policy on Political Advancement* Canberra: Government Printer c.1960

The Minister for Territories responded publicly to the increasing criticism.³ Hasluck did so in terms which suggested that he remained attached to the premise that the rate of change could be lifted within existing policy parameters. Policy continued to focus on maintaining communities and improving standards of living, through increased production of immediately consumed and marketed crops by smallholders.

The Minister was supported by the views of academics at the ANU's Research School of Pacific Studies, where the Australian government funded a major expansion of research capacity. During the 1960s and 1970s, the university conducted a continuous research programme on aspects of development in South-east Asia and the South Pacific,⁴ most prominently by economist E. K. Fisk and his associates.⁵

3. See Address delivered on October 20, 1961 to the Economic Society of Australia and New Zealand, N.S.W. Branch, subsequently published as 'The Economic Development of Papua and New Guinea' in *Australian Outlook* v.16, no.1, April 1962, pp. 5-25

4. Of particular importance for the research on PNG was the New Guinea Research Unit, established during 1961 in Port Moresby as part of the Research School of Pacific Studies. See R.J. May. 'The New Guinea Research Unit: 1961-1975' in May ed. *Research Needs and Priorities in Papua New Guinea* Monograph No.1 Port Moresby: Institute of Applied Social and Economic Research, 1976, pp.7-14, which includes a list of the publications of the New Guinea Research Unit.

5. See Fisk 'The Economy of Papua-New Guinea' in D.G. Bettison et.al. *The Independence of Papua-New Guinea: What are the Pre-requisites?* Sydney: Angus and Robertson, 1962, pp.25-43; 'Planning in a primitive economy: special problems of Papua New Guinea' *Economic Record* v.38, no.84, 1962, pp.462-478; 'Planning in a primitive economy: from pure subsistence to the production of a market surplus' *Economic Record* v.40, no.90, 1964, pp.156-174; 'The Development of Trade and Specialization in a Primitive Economy' *Economic Record* v.41, no.94, 1965, pp.193-206; 'The Economic Structure' in E.K.Fisk ed. *New Guinea on the Threshold: Aspects of Social, Political and Economic Development* Canberra: ANU Press, 1966, pp.23-43; 'Economic Bases for an Independent New Guinea' in John Wilkes ed. *New Guinea...Future Indefinite?* Proceedings of the 34th Summer School, Australian Institute of Political Science Sydney: Angus and Robertson, 1968, pp.5-15; 'Labour absorption capacity of subsistence agriculture' *Economic Record* v.47, no.119, 1971, pp.366-378; 'Development goals in rural Melanesia' in Marion Ward ed. *Change and Development in Rural Melanesia* Fifth Waigani Seminar Canberra and Port Moresby: ANU and University of Papua New Guinea, 1972, pp.9-23; 1972 'Cold Comfort Farm: The wonderful world of subsistence affluence' *New Guinea* v.7, no.1, pp.28-39; 'Rural Development' *New Guinea* v.9, no.1, 1974, pp.51-60; 'The neglect of traditional food production in Pacific countries' *Australian Outlook*, V.29, No.2, 1975, pp.149-160; 'The response of nonmonetary production units to contact with the exchange economy' in L.G.Reynolds ed. *Agriculture in development* New Haven: Yale University Press, 1975, pp.53-83; 'The subsistence component in national income accounts' *The Developing Economies* v.13, no.3, 1975, pp.252-279; *Hardly ever a dull moment* History of Development Studies No.5 Canberra: National Centre for Development Studies, ANU, 1995, esp. Part III 'A broader canvas'; with R.T.Shand 'The Early Stages of Development in a Primitive Economy: The Evolution from Subsistence to Trade and Specialization' in Clifton R. Wharton Jr. ed. *Subsistence Agriculture and Economic Development* London: Frank Cass and Co. 1970, pp.257-274; see also: Shand, R.T. 'The Development of Trade and Specialization in a Primitive Economy' *Economic*

According to the academics, the principal development problem remained how to increase the output of marketed production, while retaining the attachment of households to land. No radical break with past policies was required.⁶ Instead an intensified program needed to be implemented which shifted the available 'surplus labour', especially of males, not currently engaged productively due to the existence of 'primitive' or 'subsistence' affluence, into productive activities. Household labour attached to smallholdings could be commercialised further by raising output of marketed crops. The income acquired from the sales of produce would make it possible for households to purchase more consumption items, and so raise standards of living.

Fisk's reasoning shows, once again, how development thought included anticipating problems and framing solutions. He foresaw that growth would have damaging consequences for village life, and that there was a need to anticipate these effects by suitable policies. He concluded that by abolishing warfare and improving health services to indigenes, there would soon be 'increase(d) population pressure on land resources' which would 'undermine the very basis of their present affluence'.⁷ Development policies were required *in advance* of the population increases to prevent separation of the greater numbers of households from smallholdings and to improve living standards.

The World Bank and Accelerating Development

With the administration's role central to increasing household production, any program to speed up economic growth required a further major injection of state

Record v.41, no.94, 1965, pp.193-206; 'Trade Prospects for the Rural Sector' in Fisk ed. *New Guinea on the Threshold* pp.80-102; Shand and Straatmans, W. *Transition from Subsistence: Cash Crop Development in Papua New Guinea* Research Bulletin no. 54 Pt Moresby and Canberra: New Guinea Research Unit and ANU, 1974. It seems likely that much of this research was informed by W. Arthur Lewis's early 1950s formulation of the policy required to bring development in countries which had substantial rural smallholder populations and therefore 'disguised unemployment' (see Tignor *W. Arthur Lewis* pp.79-108, Ch.3 'Unlimited Supplies of Labor'). However it is difficult to trace the link because, according to the custom of the period, there are few references in Fisk's published material. Fisk later acknowledged reading the works of Lewis, Benjamin Higgins and other 'development economists' before coming to ANU. See *Hardly ever a dull moment* p.167, p.193.

6. Fisk *Hardly ever a dull moment* pp.237-238

7. *Hardly ever a dull moment* p.233

funds. The political difficulties associated with substantially lifting the amounts provided from Australian revenues were apparent to the Minister and his Department even before the early 1960s, when the ANU academics began their research. Fortuitously, there was a further source of authoritative advice available which was prepared to accept the primacy of smallholder agriculture and aid the Minister's case for increased funds. That this advice would also lead to the end of the policy of uniform development was unanticipated.⁸

By the late 1950s the Minister and the Administration had just fought the bruising, if ultimately successful, battle to introduce direct, mainly income, tax in PNG. Under the 1955 Cabinet directive the share of total revenues levied in the colony as a proportion of all revenues was to increase as the latter rose. However even this shift was insufficient if there was to be a major increase in the colonial administration's role in making development happen. During 1959, the Minister and the Department began to consider requesting a World Bank study of PNG.⁹ While the final *Report* of a mission to PNG did not arrive in Australia until 1964, after Hasluck ceased to be Minister, the process of commissioning the study was completed while he held office. This move beyond domestic sources for support indicated the urgency of Hasluck's need to increase funding for a heightened commitment to intentional development driven by the colonial state.¹⁰

8. Fisk later condemned the advice as leading to 'a compromise approach', which 'produced a very rapid growth in GNP and in government financial activity, but the growth took place in pockets and enclaves, and left the majority of the population stagnating in the subsistence sector.' *Hardly ever a dull moment* p.238. See also Oscar Spate's criticism of the World Bank study as 'highly accomplished technically' but 'somewhat detached from the realities of New Guinea life' because 'its reliance on increased expatriate investment [in the agricultural sector] was backward-looking and very dubiously realistic'. *On the Margins of History* p.96

9. Subsequently published as International Bank for Reconstruction and Development/World Bank *The Economic Development of the Territory of Papua and New Guinea* Baltimore: The Johns Hopkins Press for the IBRD, 1965, hereafter *Report*.

10. Hasluck's version of how the World Bank's view was sought appears in his *A Time for Building* pp.302-303. Hasluck attributes the origins of the Bank's involvement, in January 1959, to Departmental Secretary Lambert's awareness of 'reports published by the (IBRD) on Nigeria and Thailand.' Initially Lambert proposed 'organizing a group from Australian resources to do a similar job for us' but the 'people we thought about, both academic and administrative were already very busy' and unable to commit themselves full-time to the task. Hasluck denies that a 1962 United Nations visiting mission, led by British diplomat Sir Hugh Foot (later Lord Caradon), was responsible for initiating the move to involve the Bank, and points to a December 1960 memo to Lambert requesting further consideration of obtaining the Bank's assistance as supporting his argument.

Ian Downs explains why the discussions within the Department led to a detailed proposal for Bank assistance. In order to obtain agreement from a reluctant Cabinet and Treasury for major increases in funding for the colony, Hasluck needed the support of a more prestigious and powerful agency than his own Department and the Administration in PNG. Citing personal communications from senior government officials, Downs concluded that:

Hasluck required convincing arguments for expansion based on the economic opinion of a prestigious source that the Commonwealth Treasury could not ignore. This was the main reason for his decision to secure the services of an economic survey team from the World Bank.¹¹

While the Australian government announced in its 1961-62 annual report to the United Nations that arrangements had been made for a World Bank survey, it was not until mid-1963 that the survey team reached Australia, and then subsequently worked in PNG. The Australian government received a draft report in mid-1964, and the final report was eventually tabled in the first PNG House of Assembly on May 18, 1965. In the meantime, the 1962 UN mission, headed by Foot visited PNG prior to preparing a highly critical report of the pace of development, political and economic. While the UN mission seems to have played little, if any part in the Australian government's decision to look to the World Bank, Downs' assessment that the 'effect of the [mission's] report was to accelerate change and persuade the bureaucracy that the time factor was now working against them' probably also is valid.¹²

11. *The Australian Trusteeship* p.253. Downs' point might have been strengthened further by noting that in 1961 the importance of gaining external support for PNG became even greater. There was a brief credit squeeze induced recession in Australia. On December 9, 1961 the Menzies' government was narrowly returned at a national election, with what remains the smallest majority in all the polls conducted since Federation in 1901. In such circumstances, demands for a major increase in grants for PNG were even less likely to receive Treasury support. A line of inquiry that I have not yet been able to pursue is that Treasury, which provided the direct administrative link between the Australian government and the Bank, also favoured the Bank's involvement as a means of obtaining IBRD loans because this would reduce pressure on the Australian budget, at least in the short term. Hasluck *A Time for Building* pp.302-303, does not mention the domestic circumstances of 1960-62.

12. *The Australian Trusteeship* p.241. Hasluck ceased to be the Minister responsible for the Department of Territories, as of December 1963, that is prior to the Bank's *Report* being received. Downs' assessment of the significance of the UN visiting mission is that it assisted in obtaining Cabinet support for political reforms for which Hasluck had been unable to obtain Government backing in August 1960. See *A Time for Building* pp.396-398 for Hasluck's account.

Before examining what became colonial government policy, a detailed look at the *Report* is necessary. The purpose of the analysis is to show how although the *Report* seems to support a view of development in which smallholder production has primacy nevertheless there was sufficient ambiguity to permit the development of another policy direction, which could retain the Bank's authority for the shift.¹³ The alternate interpretation, in which expatriate plantation and commercial operations rather than smallholders became the focus for development efforts, was used to support the preferred direction of the colonial administration under a new minister. Subsequently attacks on the new policy direction tended to conflate the World Bank survey team's views with what became colonial policy from 1964 to the early 1970s.¹⁴ The politics surrounding the conversion of the *Report* into policy for the late colonial administration of PNG disappears in the conflation.

The first chapter of the *Report* set out the dilemma of how to raise revenues for an expanded development programme in a colony which the mission construed as 'truly underdeveloped'.¹⁵ Chapter 2 'A Program for Economic Development' makes clear why in addition to paying 'special attention to the rapid expansion of production by native planters,' the survey team recommended a further increase in largeholding production and other areas of expatriate enterprise. This was because:

The continuing participation by the European, both in the private sector and in the Administration, is vital for the objectives of the advancement of the indigenes and economic development to be realized.¹⁶

13. *The Australian Trusteeship* p.241. As Downs recognised: 'Like the Bible, the report of the IBRD survey team was capable of more than one interpretation...Some critical themes in the Foot report of 1962 and the World Bank report of 1964 are strikingly similar. Both reports made fair and convincing criticisms of Hasluck's policies. Nevertheless, the Foot report tended to be discounted in the Territory while the IBRD report was generally respected, possibly because the Foot report proposed radical political solutions while the IBRD survey recommended conventional economic policies.' For a contrary view on how the *Report* was received by the Administrator Cleland, see Rachel Cleland *Pathways to Independence* pp.325-326.

14. See Mark Turner *Papua New Guinea: The Challenge of Independence a nation in turmoil* (Ringwood, Vic.: Penguin Books, 1990), p.13 where it is claimed that the *Report* advocated 'continued advantage for the whites', and John Connell *Papua New Guinea: The Struggle for Development* (London and New York: Routledge, 1997), p.22 who asserts that the *Report* 'assumed that economic development would follow expatriate initiatives and increased government services'. As Fisk notes, during 1973 he recruited Connell from the University of Sussex to work on the ANU's forthcoming research program on Bougainville: *Hardly ever a dull moment* p.216.

15. *Report* p.1 and p.23.

16. *Report* p.40. While indicating the strong emphasis the *Report* gave to indigenous economic development, Downs *The Australian Trusteeship* p.253 notes: 'The private sector in Papua and

Where agricultural growth was a central target, the *Report* proposed moving indigenes:

away from purely subsistence agriculture into the production of commercial crops, largely on a smallholder basis, at as fast a rate as the availability of the staff needed to direct and guide the program will permit. It proposes to make the maximum practical use of European producers to aid the Territory toward a more viable economy.¹⁷

Furthermore:

The comparative need for the European in other sectors of the economy [than agriculture] is even greater...In commerce, industry, banking and the professions, the European must continue to supply his skills and capital if further development is to be achieved.¹⁸

By this reading, the *Report* provides a primarily instrumental purpose for expatriate plantation agriculture and other commercial activities. At a time when the colonial administration required increased revenues to expand administrative support for smallholder agriculture, these businesses would also provide more taxes.

It was possible to reduce the previous policy emphasis upon households producing for immediate consumption and shift priorities to increasing production of marketed food because 'the peoples of the Territory are not short of food'.¹⁹ With no substantial land shortages, existing land-use methods of households are generally 'conservative rather than destructive in character'.²⁰ The *Report* was unambiguous in its emphasis upon the increases which had already occurred in household production of marketed crops.²¹ Presenting evidence on less impressive growth in some plantation production,²² the language used to describe the change from the pre-war situation, where indigenes contributed little to commercial farming is

New Guinea gained comfort from World Bank endorsement of the role of the European as the essential provider of capital, technical skills, training and marketing.'

17. *Report* p.47

18. *Report* p.40

19. *Report* pp.68-69

20. *Report* pp.77-78

21. See for instance, the acknowledgement in the *Report* Chapter 1, p.27 that 'the rapid expansion in production of cash crops by the indigenes has brought a fivefold increase in income from this source since 1950/51, a growth rate much above that in the non-indigenous sector.'

22. The description of expatriate coconut plantation operations acknowledges that these do not utilise all available unplanted land on largeholdings and have adopted a 'stand-still' attitude toward replanting where palms were senile or near-senile. *Report* p.89

striking.²³ Furthermore, the change was expected to continue, including in new plantings of export crops.²⁴

Indigenous farmers were the sole producers of what the *Report* terms 'dual-purpose crops', that is those produced for immediate consumption as well as for markets, including coconuts, peanuts, rice and vegetables. The *Report* concluded that the quantity of dual-purpose crops exchanged through what it terms barter was unknown.²⁵ While the *Report* provides no evidence of stagnation in household production, existing production was not regarded as sufficient to meet the principal economic goal of 'standing on its own feet' or national self-sufficiency required to accompany the political objective of self-government.

In order to achieve increased output, the *Report* proposed a break with one of the central components of uniform development policy. It urged redirection of effort toward the most advanced areas of the colony, where marketed crop production was especially substantial. For the Bank's team, accelerated development in these areas could occur without other areas and peoples sliding into poverty given the achievements made under uniform development. The *Report* proposed three 'broad principles or policies' to further expand production and advance 'the indigenous people'.²⁶

The first principle advocated was that '[government] expenditures and manpower should be concentrated in areas and on activities where the prospective return is highest'.²⁷ Acknowledging that 'political factors' might impinge upon this redirection, the Bank Mission nevertheless 'strongly recommends against an

23. *Report* pp.82-83 'Since the war and particularly since 1956, the change has been phenomenal....With peace, the Administration engaged in a progressive policy of encouragement of native farming for cash....By 1962, native participation in commercial production reached impressive levels. They held nearly 50% of the area in coconuts and produced about 25 per cent of the copra production. They controlled 60 per cent of the land in coffee and produced over 40 per cent of the coffee output. They farmed 17 per cent of the cocoa areas and produced some-what less than 25 per cent of all cocoa.'

24. *Report* pp.82-83. The ten-year planting program of new trees envisaged by the Mission makes it clear that in the main crops of coconuts and cocoa where further planting could occur, indigenous plantings were anticipated to increase at a greater rate than non-indigenous. *Report* p.4, Table 1.

25. *Report* p.83.

26. *Report* p.35. Emphasis added.

27. *Report* p.35

across-the-board policy which distributes scarce manpower and finance throughout the Territory without due regard to the benefits to be derived in comparison with those realizable elsewhere'.²⁸

Secondly, the 'standards of Administration services and facilities should be related to Territory conditions, if the maximum numbers of people are to benefit from the money spent on the program'.²⁹ In other words, instead of applying standards which had become established in industrial, developed countries, colonial officials were instead to utilise appropriate local measures for the provision of services. Thirdly, if 'benevolent paternalism' was the appropriate description of previous Administration efforts, the future required 'a shift in emphasis toward policies giving greater responsibilities to the people' which was 'essential and, indeed, inevitable'.³⁰

The *Report* was presented to the Australian Government at a significant moment. The departure of the three most important colonial officials, Hasluck, Cleland and Lambert, were critical for how the *Report* was subsequently interpreted to form the basis for a major break in colonial development thought and policies.

The Politics of Introducing Accelerated Development

The Bank *Report* gave largeholdings and other commercial enterprises a largely instrumental role in what was intended to be a rapid commercialisation of smallholder agriculture underpinned by a major expansion of the colonial administration's place in coordinating and supervising the growth. However, changes concurrent with the receipt of the *Report* elevated the importance of largeholdings and other commercial enterprises even further. While smallholder

28. *Report* p.35. This principle, of concentrated effort to maximize resources and produce faster growth, was readily adopted by some government officials. For a strong defence of the direction proposed in the *Report* from a senior official of the Department of Territories, though with the usual disclaimer that he was not giving the official view, see G.O.Gutman 'Aspects of Economic Development in Papua and New Guinea' *The Australian Journal of Agricultural Economics* v.10, no.2, 1966, pp.128-141.

29. *Report* p.36. As will be seen below, this direction jarred with the ambitions of the indigenes who increasingly filled many public service positions and fuelled the anti-colonial nationalism which gathered pace from the mid-1960s.

30. *Report* p.37

production of marketed, particularly exported, crops continued to increase,³¹ the colonial administration gave greater attention to revitalising largely expatriate-owned and operated plantations,³² establishing the new crops of oil palm and tea based on nucleus estates,³³ and a major copper-gold mine at Panguna on Bougainville.³⁴

In December 1963, Hasluck's tenure as Minister came to an end. A Country Party MP Charles Barnes became Minister for what had again become the Department of External Territories. Soon after Hasluck's departure and Barnes' appointment, long-serving Department Secretary Lambert, who had been another of the important advocates of uniform development, retired. Lambert was replaced by George Warwick Smith, previously Deputy Secretary of the Department of Trade and Industry.³⁵ Both changes increased the chance that colonial policy would move in favour of Australian plantation and other commercial interests, and give these more than an instrumental role for lifting smallholder output.

31. See below; and Thompson and MacWilliam *The Political Economy of Papua New Guinea* pp.126-129, for details of coffee, cocoa and copra exports. See also Maxine Dennis 'Plantations' in Denoon and Snowden eds. *A time to plant and a time to uproot* pp.219-245, who notes (p.239) that in 1975 'peasant production of export crops...had reached parity with plantation production for export, each having 50% of the total'.

32. As the *Report* notes (p.74), of the more than one million acres alienated for expatriate largeholdings, in 1962 approximately 70% of the land was undeveloped. Also cited in Robin Hide 'A most just cause of Warre: A lesson to be learned at Merani...' *New Guinea* v.3, no.1, 1968, pp.25-42, who provides an instance of an attempt by one expatriate rubber plantation owner to settle indigenes on smallholdings sub-divided out of his undeveloped land at Cape Rodney in Papua.

33. See D.R.J.Densley *Agriculture in the Papua New Guinea Economy* Konedobu: Department of Primary Industry, n.d., p.15; W.A.Arthur *Tea* Konedobu: Department of Primary Industry, n.d., pp.2-3; J.Christensen and D.R.J.Densley *Oil Palm* Konedobu: Department of Primary Industry, n.d., pp.3-10; Bob Densley 'Rural Policies: Planning and Programmes, 1945 to 1977' in Denoon and Snowden *a time to plant and a time to uproot* pp.285-286; Downs *The Australian Trusteeship* pp.293-294

34. Downs *The Australian Trusteeship* p.340 asserts that: 'The discovery of copper in Bougainville in 1964 was the greatest single event in the economic history of Papua and New Guinea'. For other descriptions, see F.F.Espie 'Bougainville Copper: difficult development decisions' in R.J.May ed. *Priorities in Melanesian Development* Papers delivered at the Sixth Waigani Seminar Canberra and Port Moresby: RSPAS, ANU and UPNG, 1973, pp.335-342; Don Vernon 'The Panguna Mine' in Regan and Helga Griffin eds. *Bougainville before the conflict*, pp.258-273; James Griffin 'Movements Towards Secession 1964-76' in Regan and Helga Griffin eds. *Bougainville before the conflict* pp.291-299; Donald Denoon *Getting under the skin: the Bougainville copper agreement and the creation of the Panguna mine* Melbourne: Melbourne University Press, 2000.

35. Downs *The Australian Trusteeship* p.274 notes how Smith's appointment was arranged between the Deputy Prime Minister (Sir) John McEwen, also Minister for Trade and Industry and leader of the Country Party in the Menzies Liberal-CP coalition government, and his colleague Barnes.

Barnes was less inclined than Hasluck to exercise tight control over the colonial administration, except where overseas investment was involved, such as in the negotiations with Conzinc Rio Tinto Australia (CRA) regarding the Panguna mine exploration and operations.³⁶ The loosening left greater room for the colonial administration to follow the swing toward rapid economic growth favoured by the Minister.³⁷ Prime Minister Menzies also became personally involved, urging Australian businessmen and fellow politicians to be more commercially active in the colony.³⁸

The change to focusing upon some areas and peoples while down-grading the resources provided to others opened the colonial administration to two possible charges. Firstly, that its trusteeship obligations were no longer being met equally for all the indigenous population.³⁹ By encouraging immigration of Europeans as investors and skilled workers, the administration was exposed to a second objection, that it was down-grading trusteeship obligations to the indigenous population.⁴⁰

36. Downs *The Australian Trusteeship* p.349; also cited in Griffin 'Movements towards Secession' p.292

37. *The Australian Trusteeship* p.276 summarizes the policy change from Hasluck to Barnes in these terms: 'Charles Barnes sought to restore and maintain Hasluck's early restraint on political progress in order to preserve a favourable climate for "investment security" that would encourage economic development and make investors from Australia and overseas feel "safe"'. Further, as Downs also notes, there was sufficient in the *Report* for the new Minister and administration which 'wished to move in the direction of economic independence' to 'choose its own courses of action.'

38. For a specific instance of investment propelled by Menzies' exhortations, see the case of ANG Holdings and its affiliated companies, owning and operating Highlands coffee and tea plantations, timber milling, road and house construction, and Port Moresby commercial property. Apart from Registrar of Companies files, I am indebted to Mr John Millett for advice on the firm established in 1963-64. See also MacWilliam 'Placing the Planters' forthcoming.

39. Instead of trying to provide extension services as widely as possible, by late 1965 the earlier five year plan was being 'recast entirely taking account of the new approach involved in the agricultural and livestock development plans'. See NAA A452/1 1967/5758 *Agricultural Extension Work in Papua & New Guinea, 1964-1970* 9/12/1965 E.J. Wood, Assistant Secretary, Industry and Commerce Section, Department of External Territories, 'Notes on Discussions with Messrs. [Frank] Henderson and [Bill] Conroy [Department of Agriculture, Stock and Fisheries, PNG: SM]'. This meeting followed a July instruction from Department Secretary, G. Warwick Smith to the Administrator (contained in the same file) that 'extension officers should be concentrated in areas with promising combinations of developmental resources, both physical and human, with proper attention to accessibility and markets' while dispersing 'extension effort' to the Western District 'is unnecessary'.

40. *The Australian Trusteeship* p.277.

The shift to accelerated development, as the new policy direction came to be known, began in especially propitious political circumstances, not least in the absence of a vociferous and strong indigenous nationalism expressed in representative institutions. Indigenous representative politics had begun the move from local government councils at the margins of state power to the Legislative Council at the centre. However initially this had little effect except to reinforce the Administration's authority when Papua New Guineans in the Council did little more than vote along the official line.⁴¹ Although the fifth Council elected in 1961 had more indigenous members chosen by a substantial indigenous electorate through a complex indirect process, there was little change in the nature of their political participation, with only one, John Guise, becoming 'a major figure in Council business.'⁴²

Further constitutional reform leading to the establishment of the House of Assembly in 1964 had raised the possibility that indigenous representative politics would become more focused upon central institutions, rather than on local government councils. At the 1961 Legislative Council elections, only six indigenes had been elected through an indirect process. The 1964 House of Assembly, by comparison, had forty four members from Open electorates and ten from Special (expatriate only) electorates, with adult suffrage and a common roll for the former constituencies. The House now had more elected than nominated and official members. However the official political education programme for voters, the election campaign, and the voting by an overwhelmingly rural smallholder electorate reinforced what has been described as a "certain timidity" among the

41. Colin A Hughes 'The Development of the Legislature: The Legislative Councils' in David G Bettison, Hughes and Paul W van der Veur eds. *The Papua-New Guinea Elections 1964* Canberra: ANU, 1965, pp.8-27. Hughes' assessment (p.10) is: 'In the first four Legislative Councils between 1951 and 1961 the indigenous members played a very minor part....None of the indigenous Members were prepared to criticize the Administration, and often their interventions in Council discussion simply re-stated established Administration policy. When they offered positive suggestions these usually followed what might be termed a "conservative line". There can have been few colonial legislatures in which indigenous Members, even when nominated, provided so little criticism of the work of the administering power as they did in the Papua and New Guinea Legislative Council during those years.' For the fragmented and nationally marginal forms of indigenous politics prior to the 1960s, see the essays in Ronald M Berndt and Peter Lawrence eds. *Politics in New Guinea Traditional and in the Context of Change Some Anthropological Perspectives* Nedlands: University of Western Australia Press, 1971

42. Hughes 'The Development of the Legislature' p.22. Guise was subsequently knighted and in September 1975 became independent PNG's first governor-general.

indigenous population about political activism'.⁴³ That is, indigenous anti-colonialism or even just strong opposition to colonial rule was not yet a prominent force.

On occasion dissenting MPs were able to defeat the Administration. Nevertheless colonial officials continued to dominate most proceedings. Domination of the legislature as well as control of the executive, the Administrator's Council, later Administrator's Executive Council, combined with ministerial and departmental authority exercised from Canberra. For most of the 1960s, this strong hold on state power ensured that the intensive program of economic development was able to proceed largely unchallenged.

Faster Economic Growth

During the 1960s, and particularly the second half of the decade, there was a major boost in public revenues and overseas investment, as well as a rapid inflow of expatriates taking up skilled and semi-skilled managerial and wage positions. Between 1964 and 1968, the rise in the Administration's receipts was especially pronounced. While the Commonwealth grant increased from \$56 million to \$78 million, locally levied revenue jumped from \$28 to \$50 million, so that the share of total receipts raised within the colony went from thirty one to almost thirty seven per cent. In the four years from 1964-65 to 1967-68, total receipts rose by almost fifty per cent.⁴⁴ Direct expenditure by Commonwealth departments operating in PNG, which was not included in grants, increased considerably.⁴⁵ In 1970-71 locally raised revenue exceeded the Australian grant for the first time. By 1972, with self-government imminent, the Commonwealth grant had increased to almost \$70 million, while locally raised revenue reached \$95 million.⁴⁶

43. R.S.Parker and Edward P. Wolfers 'The Context of Political Change' in A.L.Epstein, R.S.Parker and Marie Reay eds. *The Politics of Dependence Papua New Guinea 1968* (Canberra: ANU, 1971), p.19. Downs *The Australian Trusteeship* p.487, charts the changes between 1951 and 1972 in the balance between official members, appointed members and elected members in the Legislative Council and House of Assembly. In the first House, elected in 1964, there were ten official members and 54 elected, with 37 of the latter indigenous.

44. *The Australian Trusteeship* p.320, Table 10.3

45. *The Australian Trusteeship* p.289

46. *The Australian Trusteeship* p.397

Loans by trading banks, branches of banks based in Australia, to fund commercial expansion rose substantially. From seven million dollars in January 1964, the amount advanced for term loans, overdrafts, farm development loans and personal instalment loans reached eighteen million four years later. By July 1971, total advances were over \$100 million.⁴⁷ Indigenous savings also increased,⁴⁸ giving rise to the criticism that these funded an expanded loan programme for expatriate commercial activities and private consumption.

In 1967, the Papua and New Guinea Development Bank was established in order to further boost investment. Over the first four years funding of \$11 million was provided out of Territory budgets and direct supplementary grants from the Australian Treasury. This amount reached in excess of \$25 million by Independence.⁴⁹ While the Bank was insufficiently capitalised to attract requests for large loans from international firms, it became the centre of a tussle between expatriates and indigenes seeking funding for small enterprises.⁵⁰

The Development Bank facilitated the expansion of indigenous agriculture, including providing credit for the first palm oil project which also commenced in 1967. A nucleus estate and oil mill was established at Hoskins, West New Britain, through a 50/50 joint venture between the colonial administration and Harrisons and Crosfield (ANZ), a subsidiary of the major international agriculture firm based in the UK. Between 1967 and 1972, nearly 1,600 loans for approximately \$3.2 million were made to smallholders growing oil palm trees.⁵¹ This project and

47. *The Australian Trusteeship* p.321, Table 10.4

48. Downs *The Australian Trusteeship* p.290 states: 'By 1968 (Papua and New Guineans) were also investing in savings and loans societies and savings clubs organised by the Reserve Bank. In the case of the savings and loans societies and savings clubs, membership rose to 24,042 and savings increased to \$994,000 in 1966-67. As at June 1967, indigenous savings bank deposits amounted to \$11.1 million out of a total of \$29.8 million.'

49. Government of Papua New Guinea (1967-1975) *Development Bank Annual Reports and Financial Statements* Port Moresby: Government Printer; MacWilliam 'International capital, indigenous accumulation and the state in Papua New Guinea: the case of the Development Bank' *Capital and Class* no.29, Summer 1986, pp.150-181

50. For conflicting accounts of the Bank's activities before and immediately after Independence, see M. Donaldson and D. Turner *The Foreign Control of the Papua New Guinea Economy and the Reaction of the Independent State* Political Economy Occasional Paper No.1 Waigani: University of Papua New Guinea, December 1978; and MacWilliam 'International capital'.

51. For planting and production estimates from 1967 until 1975 for oil palm and cattle, see Downs *The Australian Trusteeship* p.324, Table 10.7 and p.326, Table 10.9 and 10.10

smallholder cattle projects were allocated more than half of all agricultural loans up until Independence.⁵²

There was a major influx of immigrants into the colony, for the employment and commercial opportunities opened up by the shift to accelerated development. Between 1963 and 1971, the non-indigenous population doubled to 53,000, out of a total PNG population of 2.1 million people.⁵³ The reaction produced by this sudden increase became part of the opposition to colonial rule and the changed development policies.

From the mid-1960s, the establishment and early operations of the enormous copper-gold mine at Panguna in Bougainville District dwarfed all other activities during a period noted for rapid growth.⁵⁴ The company outlaid expenditure of \$40 million to prove the viability of the project, and \$400 million to \$500 million to make the mine operational.⁵⁵ As Downs notes:

52. MacWilliam 'International capital'; J. Longayroux *Hoskins Development: The Role of Oil Palm and Timber* Research Bulletin No.49 Canberra and Port Moresby: New Guinea Research Unit, ANU, 1972; P.F. Philipp, L.L. Langness, F.von Fleckenstein and M. Evans *Four Papers on the Papua New Guinea Cattle Industry* Research Bulletin No.63 Canberra and Port Moresby: New Guinea Research Unit, ANU, 1975. For an objection to the 'rural elite', or 'wealthy farmer' bias in 'the cattle boom' from 1962 until 1972, see R.F. McKillop *Problems of Access: Agricultural Extension in the Eastern Highlands of New Guinea* Presented at a Seminar, University of Papua New Guinea November 1974; Dick and McKillop *A Brief History of Agricultural Extension and Education in Papua New Guinea* pp.30-35. Between 1965 and 1973, tea was also established on a nucleus estate basis in the Western Highlands, with approximately 450 indigenous smallholders settled on about 2,000 hectares. See W.A. Arthur *Tea Konedobu*: Department of Primary Industry, n.d., pp.2-5; see also Marie Reay 'But Whose Estates? The Wahgi smallholders' *New Guinea* v.4, no.3, 1969, pp.64-68.

53. *The Australian Trusteeship* pp.319-320 Table 10.2

54. According to one official estimate, between 1960 and 1966, the cash economy grew by 12.5% per annum in current prices, with a decline in the predominance of primary production and a 'very steep increase in private capital formation' since 1963-64. Territory of Papua and New Guinea *Programmes and Policies for the Economic Development of Papua and New Guinea* Pt Moresby: Government Printer, 1968, p.8

55. While the company which began the project was a joint venture between the Australian subsidiary of multinational Conzinc Riotinto, CRA Ltd, and New Broken Hill Consolidated Ltd, another Australian-based firm, over the next ten years major changes took place in the corporate form which owned and operated the mine as Bougainville Mining Ltd (BML). In 1967, Bougainville Copper PL was established as a partnership between the colonial administration and the joint venture partners. In 1970, equity shareholding in Bougainville Copper was set at 80% owned by BML, with two-thirds of these shares owned by CRA, and 20% by the colonial administration. During the next year, BML made a public offer of shares in PNG and Australia, which resulted in one million shares being taken up 'by indigenous organizations and individuals', totaling 9,000 Papua-New Guineans. In 1973, BML was replaced by Bougainville Copper Limited (BCL) as the public company owning and operating the project. With issued capital of \$133,687,500 and

The project was so big that it would compromise the use of Papua and New Guinea manpower for years to come and influence all wage rates. Bougainville would absorb commodities and equipment like a giant sponge and require services of every kind beyond the capacity of all local sources to produce.⁵⁶

The mine also shifted the focus of development toward the Bougainville District, which had not been given priority in previous administration efforts. Gaining access to sufficient land for the mine, residential land for housing of mine workers and associated commercial enterprises, as well as for transportation of semi-processed minerals and waste disposal, threatened many aspects of colonial policy, especially for land. While the Minister Barnes insisted on sticking to mineral ownership principles with which he and other officials were familiar,⁵⁷ demands from indigenous owners for compensation threatened to move land prices substantially upwards throughout the colony. However, projections which showed the scale of the expected exports, revenue in the form of royalties and taxes and employment dwarfed all considerations of difficulties to be faced.⁵⁸

As the sharp end of the program of accelerated development, planning and early construction at Panguna went ahead despite continuous local opposition, which struck a chord with those raising wider objections to late colonial development policy. These objections had begun to appear as soon as the *Report* was

267,375,000 50 cent shares in 1973, the firm was by far the largest operating in PNG. Twenty per cent of the shares were held by the PNG Government-owned Investment Corporation, over 26% by individual and organizational shareholders, and the balance by CRA. The bulk of the operating capital was borrowed internationally, making the firm and the colonial administration extremely wary of the effects of any political unrest. See Downs *The Australian Trusteeship* pp.340- 362; Denoon *Getting under the skin*; Espie 'Bougainville Copper'; Vernon 'The Panguna mine'.

56. *The Australian Trusteeship* p.341.

57. These principles were that while ownership of the land was secured under various forms of private title (eg leasehold, customary title), ownership of minerals extracted from underneath the surface belonged to the (colonial) state. The assertion of state ownership caused not only confusion but also became the source of dispute and grievances, not satisfactorily resolved by the provision of compensation to individuals, lineages and associated organisations. See Griffin 'Movements Towards Secession 1964-76' p.292, who notes, citing *The Australian Trusteeship* pp.346-349, that: 'Under Warwick Smith, Canberra assumed detailed day-to-day control by telephone and telex where experienced, delegated authority should have been exercised. Even psychologists were sent in to analyse the putative mental ills of people who would not understand why they did not own the sub-surface of their land'.

58. Downs *The Australian Trusteeship* p.341 calculates that: '...the projected value of copper and gold to be exported would far exceed the value of all other Territory exports. The average annual profit of the company would become equal to half the Territorial revenue. Before that profit was declared the royalties and taxes paid to future Papua New Guinea governments would equal or exceed the declared profit.'

presented locally, in mid-1965, and became more prevalent over the next three years as official plans that drew upon the *Report* were prepared and presented in the colony. The most important subsequent documents were the 1967 *Economic Development of Papua and New Guinea* and the 1968 *Programmes and Policies for the Economic Development of Papua and New Guinea*.⁵⁹

The 'Programmes and Policies' document provided the colony's first comprehensive development plan. Covering 1968 to 1973, the plan continued the emphasis on rapid growth. Both documents drew upon the World Bank *Report* for their founding premises, including the need to improve the colony's domestic revenue base in order to hasten the move to self-government. Increasing indigenous agricultural production and accelerating 'the movement of indigenes from subsistence to commercial production' was to be a major objective of the revised agriculture, livestock and fisheries programme. But the 1968 'Programmes and Policies' plan went even further than the *Report*, stating that:

For many crops, the proposals advanced in this paper place proportionally more stress on development by the indigenous people than did the 1964 Bank Mission's programme. About half the land under commercial agriculture is already cultivated by indigenes, and indigenous holdings contribute about 40 per cent of the total value of crop production. These proportions will be substantially increased under the proposed development programme. At the same time the trend towards larger holdings in indigenous hands is expected to continue.⁶⁰

Accelerated Development under Fire

While the criticism of accelerated development did not become very politically important until later in the 1960s, an initial indication of the direction that objections would take appeared at a 1965 seminar held in Goroka in the Eastern Highlands. This first public forum at which the 1964 World Bank *Report* was discussed in PNG produced controversy. University of Sussex academic Bernard Schaffer outlined

59. Territory of Papua and New Guinea *Economic Development of Papua and New Guinea* Port Moresby: Government Printer, Prepared by direction of the Administrator and Tabled in the House of Assembly June 1, 1967; Territory of Papua and New Guinea *Programmes and Policies for the Economic Development of Papua and New Guinea* Port Moresby: Government Printer, Prepared by direction of His Honour the Administrator, September 1968

60. *Programmes and Policies* p.19, for this statement and the previous shorter quote.

objections which he subsequently developed in a lengthy journal article.⁶¹ Schaffer asserted that indicative of the 'general attitude' underpinning the *Report* were three major conclusions and recommendations. These could be summarised as: a need to increase the immigration of skilled labour from Australia; a focus upon increasing cash crop production, primarily from 'Australian plantations in copra, coffee, cocoa, and rubber'; and indigenous advance through 'more participation in production and education'.⁶²

Schaffer drew attention to what he regarded as an opposition between the increased levels of skilled immigration and plantation production on one hand, and indigenous advance. The crux of Schaffer's criticism was that the former were long-term strategies for growth whereas rapid short-term change was needed to satisfy indigenous ambitions. Schaffer concluded that 'the economic policy is incomplete as economics and unwise as politics', not least because the *Report* did not consider 'the dimensions of the indigenous response [to the proposals for accelerating growth, including in agricultural production and education]'.⁶³

The Governor of the Reserve Bank, Dr H.C. Coombs, and the Labor Leader of the Federal Opposition in Australia, Gough Whitlam also attended the seminar. While Whitlam gained most public attention by asserting that PNG should be independent by 1970,⁶⁴ Coombs presented a paper which 'expressed dissatisfaction with the

61. 'Thoughts at Goroka, Sins of the World Bank team' *New Guinea* v.1, no.2, 1965, pp.72-79; 'Advising about Development: The Example of the World Bank Report on Papua and New Guinea' *Journal of Commonwealth Political Studies* v. IV, no.1, March 1966, pp.30-46. See also Downs *The Australian Trusteeship* pp.276-277. As Ron May notes, the Goroka seminar and one held in Melbourne with the same purpose, to discuss the *Report*, were organized by the Council on New Guinea Affairs, for which the Reserve Bank of Australia provided funding. *Nugget, Pike et.al. The Role of the Reserve Bank of Australia in Papua New Guinea's Decolonisation* Discussion Paper 8 Canberra: ANU, North Australia Research Unit, 1998, p.10.

62. 'Advising about Development' p.30

63. 'Advising about Development' p.36

64. See Downs *The Australian Trusteeship* p.279. As May notes (p.11), at Coombs' direction, in early 1964 (ie before Whitlam's provocative statement) the Reserve Bank had prepared a 'Plan of Work for TPNG' which assumed self-government within the next few years and how this would affect the Reserve Bank's structure and operations. Apart from playing a role in the establishment of a comparable banking institution in PNG, the Reserve Bank emphasised the importance of indigenization in employment and commerce *Nugget, Pike et.al.*

(*Report's*) "lack of precision in dealing with the task of stimulating indigenous enterprise"⁶⁵

The *Report* had distinguished between the positions occupied by expatriates and indigenes, and recognised the presence of indigenes in plantation production.⁶⁶ However the Bank mission did not foresee the economic or political consequences of encouraging further the emerging class of 'native capitalists', which the colonial administration had long tried to contain. Urging that 'greater responsibilities [should be given] to the [indigenous] people', where 'the people' were largely seen as an undifferentiated mass, the Bank *Report* did not envisage that the ambitions of indigenes to substantially increase their presence in largeholding agriculture could threaten the scheme of smallholder production. In the early 1970s, during the transition to Independence, and subsequently this threat became central to the PNG political economy.

From late 1965, the journal *New Guinea, and Australia, the Pacific and South-east Asia* (best known by the abbreviated title *New Guinea*) became a leading forum for criticism and some defence of the action and planning which followed the *Report*. The journal was published in Sydney from 1965 until 1976 by the Council on New Guinea Affairs, and generally adopted a strongly anti-colonial nationalist stance. Edited by journalist Peter Hastings, *New Guinea* had University of Sydney academic Professor Henry Mayer, who also attended the Goroka conference and criticised the World Bank *Report*, as editorial adviser. In the late 1960s, Hastings was a regular visitor to the Port Moresby office of the ANU's New Guinea Research

65. May Nugget, Pike et. al. p.10. See also the assessment by the Reserve Bank's most influential official in PNG which foresaw a conflict between economic growth in general and that which specifically placed the indigenous presence foremost: P.W.E.Curtin 'The World Bank report. A review' *New Guinea* v.1., no.1, 1965, pp.52-58, and a paper by Henry Roberts, an economics student at the University of Sydney, who subsequently as Henry ToRobert became Governor of the Bank of Papua New Guinea and later knighted, pointed to the growing importance of an 'educated elite leadership' which was poised to displace 'most of the present indigenous parliamentarians,' representative of 'traditional leadership'. See 'New Guinea's Leadership: Problems of the Prestige Period' *New Guinea* v.1, no.3, 1965, pp.12-16; also cited in Downs *The Australian Trusteeship* p.280.

66. *Report* p.80

Unit, where Ron Crocombe, leading expatriate critic of colonial policy, was executive officer.⁶⁷

The public exchanges about the *Report*, the two subsequent planning documents of 1967 and 1968, and accelerated development in general tended initially to be dominated by expatriate officials and academics, including several from the ANU who had been involved in the preparation of the colonial administration's plans.⁶⁸ Younger educated indigenes, with commercial as well as representative political aspirations, also injected an increasingly strident note into the criticism of colonial policy by.⁶⁹

Their criticism was strengthened by the growing numbers of expatriates in local employment and commerce as well as the continuing overseas ownership of the largest enterprises.⁷⁰ Crocombe pointed to the substantial presence of expatriates in small commercial operations, taxis, shops, hairdressing and the like.⁷¹ Kaputin also flagged the growing ambition by indigenes to acquire largeholdings utilising

67. Personal communication, Dr Robin Hide, December 3, 2008.

68. The principal expatriate contributors to the public debate included: P.W.E. Curtin 'But Whose Development? How to be inconsistent' *New Guinea* v.3, no.1, 1968, pp.19-24; Crocombe 'That Five Year Plan: For New Guineans-token development' *New Guinea* v.3, no.3, 1968-69, pp.57-70; Heinz Arndt 'An Answer to Crocombe-I: Too many invidious and invalid comparisons?' *New Guinea* v.4, no.2, 1969, pp.54-59; Ric Shand 'An Answer to Crocombe-II: In defence of nucleus estates' *New Guinea* v.4, no.2, 1969, pp.60-63; E.K.Fisk 'An Answer to Crocombe-III: How fast do you go?' *New Guinea* v.4, no.2, 1969, pp.64-71; Crocombe 'Crocombe to His Critics: The debate goes on...' *New Guinea* v.4, no.3, 1969, pp.49-58; Crocombe 'Australian Planning in the New Guinea Economy' in F.S.Stevens and E.P.Wolfers eds. *Racism: The Australian Experience* v.3 *Colonialism and After* Sydney: ANZ Book Co., 1977, pp.148-162; T.Scarlett Epstein 'The Plan and its assumptions...' *New Guinea* v.4, no.3, 1969, pp.59-63; Reay 'But Whose Estates?'

69. John Kaputin 'Australia's Carpetbaggers: After the apple - a miserable core?' *New Guinea* v.4, no.1, 1969, pp.35-42. See also T.S.Epstein 'The Plan and its assumptions' p.60 who warned: 'If some of the expert economic planners or administrators had closer personal contact with groups of indigenes they would soon begin to share some of Dr Crocombe's premonitions about political unrest. Recently when I had a chance to spend an evening with some Tolai friends I was left in little doubt about their grievance in regard to the dominance of local expatriate economic interests. These young men are not only budding entrepreneurs but they are also ambitious and potential political leaders. It is, therefore, not too difficult to predict that as the opportunity arises, these men will give political expression to their economic dissatisfactions.'

70. Downs *The Australia Trusteeship* p.288, notes the significance of relative disadvantage in fuelling indigenous objections. He states: 'In the course of [the 1968 program] many nationals made money and became as profit conscious as expatriates. Others, less fortunate, did not have the land assets to take part and they became embittered. Economic plans were prepared without politics being in mind, but they became the basic cause of unrest and disorder'.

71. 'Crocombe to His Critics' pp.52-53

more accessible bank loans.⁷² (This direction mirrored Kaputin's personal commercial trajectory on the Gazelle Peninsula - see below and Chapter 6.) The critics' depiction of the Australian colonial presence began to resemble international trends of the period where 'underdevelopment' was no longer an absence of development. Instead, as with the formulation for Latin America and Africa of 'the development of underdevelopment', anti-colonial critics in PNG described a condition of continuing exploitation, a reciprocal process between metropole and colony.⁷³

Anti-colonial nationalism from expatriate academics, indigenous would-be bourgeois and their political allies gained greater traction as popular dissatisfaction increased, particularly over access to land by a growing population. The establishment of the Panguna mine raised a new local front which provided further ammunition for the wider opposition to the colonial regime and the drive to accelerate development.⁷⁴ In the late 1960s and early 1970s, the politics of opposition shifted, so that the local protest against specific circumstances was joined to national and international arenas where anti-colonial politics was especially powerful.

72. 'Australia's Carpetbaggers' p.40

73. Andre Gunder Frank's *The Development of Underdevelopment* New York: Monthly Review Press, and 'The Development of Underdevelopment' *Monthly Review* v.18, no.4, September, were published in 1966, with Frank's *Capitalism & Underdevelopment in Latin America Historical Studies of Chile and Brazil* distributed from the same publisher a year later. It is difficult to tell how much influence these founding texts of what became known as dependency thought, sometimes neo-Marxism, had during the late 1960s on the growing critique of Australian colonialism in Papua New Guinea. I can find no references to Frank or related texts in any of the publications of this period, although during the 1970s and 1980s Frank, Walter Rodney and Samir Amin became prominent in numerous accounts of PNG. Instead during the 1960s, several intellectual strands, mostly liberal and Fabian, underpinned the criticisms. See Ron May's assessment of Dr P.W.E. (Pike) Curtin, of the Reserve Bank's Papua New Guinea Division from 1965 onwards: 'He was an unorthodox economist of Fabian persuasion'. *Nugget, Pike et.al.* p.7. However younger Papua New Guineans who had studied in Australian and other universities were influenced by the radical intellectual currents of the period. The experience and subsequent political-commercial activities of John Kasapwailova are instructive. In 1969 as a university student Kasapwailova 'participated so deeply in the New Left Movement at the University of Queensland that he failed to receive a scholarship to continue as a student. He returned home fired with ideas for radical change in the Trobriands'. Jerry W. Leach 'Socio-historical conflict and the Kabisawali Movement in the Trobriand Islands' in R.J. May ed. *Micro-nationalist movements in Papua New Guinea* pp.249-289, esp. p.264. Leach states that a particular influence on Kasapwailova was Kaputin, who had also studied overseas.

74. Downs *The Australian Trusteeship* pp.340-362; Griffin 'Movements Towards Secession'

Central to the shift in PNG was the transformation of indigenous leadership, subject both to domestic pressures and the growing Australian determination to hasten the transition to self-government. Under the banner of anti-colonialism, this leadership began to challenge components of the colonial power's development policy. They worked to displace the stratum of indigenous chiefs and others who held power and remained supporters of colonial authority. Attention now turns to the politics of their challenge and its implications for development policy.

Anti-colonial politics

The initial reforms of the Legislative Council and then the first House of Assembly did not immediately produce a major shift in indigenous representative politics.⁷⁵ Instead it was outside the legislature that a more aggressive anti-colonial opposition appeared.

As anticipated and intended by both the colonial government and the World Bank, accelerated development was pursued through a considerably enlarged colonial administration. The World Bank *Report* contained two distinct recommendations regarding public employment. Firstly, in anticipation of the need to staff an administration for a self-governing country, the *Report* urged that standards of services and facilities should be related to Territory conditions. Secondly, for the short term needs of accelerated development, the *Report* encouraged substantial overseas recruitment of skilled personnel.

This recruitment came on top of a major change which had occurred in the number of Papua New Guineans in state employment. As a direct consequence of the rapid expansion in state positions, and increased employment of Papua New Guineans, there were substantial numbers of indigenous employees. By 1968 'upwards of 12,000 [indigenes] had foundemployment in government service' but 'only a handful were yet in positions of any seniority'.⁷⁶ The higher levels were filled with either long-serving or newly recruited expatriates. The increased availability of secondary, then tertiary education for indigenes with the

75. Parker and Wolfers 'The Context of Political Change' pp.20-30

76. Parker and Wolfers 'The Context of Political Change' p.14

establishment of the Administrative College and subsequently the University of Papua New Guinea contrasted with the barriers to their advance in the colonial administration.

The most important early clash between indigenous aspirations and existing public service employment came in a colony where most waged and salaried employment was at some distance from rural homes. With regard to wages and conditions for public employees, the World Bank recommended that there be a difference between expatriates and indigenes. This was already practised, with the difference in wages and salaries being paid as an expatriate allowance, and expatriates engaged in an auxiliary division, outside the Territorial service. However in August 1964, following the direction favoured by Hasluck the Administration decided that in a reorganised integrated public service, there would be different pay rates for overseas and local employees. But all would be employed as part of the same colonial service.

Less than a fortnight later, the Public Service Commissioner made a statement on his wage and salary determination for a dual salary classification system to the House of Assembly. Anger was immediate.⁷⁷ Outside the legislature, Papua New Guineans active in the Public Service Association and other representative bodies were provoked into action. Michael Somare, an office-holder in the PSA and the Workers' Association branches in Wewak, later claimed:

There was probably no other single issue that made Papua New Guineans more aware of the injustices of colonialism.⁷⁸

The battle over the terms of employment for indigenous public employees spurred legal action. In April 1966, the advocate for the Australian Council of Trade Unions, R.J.L (Bob) Hawke, later Labor Party Prime Minister, appeared for the PSA in an

77. As Downs, himself an MHA, notes: 'Expatriate and local members were shocked by the low basic level for local officers in the classification and disturbed by the delayed announcement which had the appearance of being deliberately arranged to trick them'. *The Australian Trusteeship* p.315. See also Rachel Cleland *Pathways to Independence* pp.303-322, esp. p.315 and 319.

78. Sana: *An autobiography of Michael Somare* Port Moresby: Nuigini Press, 1975, p.43. Cf. Downs *The Australian Trusteeship* p.317, who asserts that 'the dissatisfaction was confined to the Port Moresby "elite" without real following in the villages'. Downs also concedes that the grievance lingered and had subsequent consequences. Cf. Rachel Cleland *Pathways to Independence* p.319, on Downs' response to the political actions taken by Papua New Guinean state employees.

arbitration case over improved wages and salaries. In May 1967, the arbitrator granted small increases which provoked a large demonstration in Port Moresby.⁷⁹

Opposition to existing public service conditions was soon extended to a wider criticism of colonialism. Educated Papua New Guineans and sympathetic expatriates formed the Bully Beef Club in Port Moresby which brought leading opponents of colonial rule together on a regular basis. Also in April 1966, a group based at the Administrative College in Port Moresby startled the Administration and local conservatives by calling for a major reform of the colonial executive and limited self-government within two years. A more extensive submission to the previously established Select Committee on Constitutional Development called for a rapid program through which expatriates would be replaced by indigenes in public employment, and promotion of indigenes to senior positions within the Administration. The submission and the reaction to the demands of what were popularly dubbed the 'Thirteen angry men' led directly to the formation of the Pangu – Papua and New Guinea Union – Pati, which included MHAs dissatisfied with colonial rule.

The 1968 Elections and the Triumph of Parliamentarism

The 1968 election campaign suggested that the dissatisfaction with colonial authority among some of the formally educated urban Papua New Guineans did not have a national reach in a country where the bulk of the population remained attached to smallholdings. The 1967-68 House of Assembly election for an enlarged legislature in which the expatriate presence was reduced even further,⁸⁰ reinforced the weight of rural electorates and local demands. By and large

79. Downs *The Australian Trusteeship* p.317. See also Sana p.43 where Somare extends the objection beyond public employment conditions. 'I knew that some expatriates were making a lot of money in our country. But they paid their employees poorly. In all towns Europeans reserved the best land for themselves in so-called "high covenant" areas. Papua New Guineans were isolated in their poorly built compounds. With the new salary scheme it became practically impossible for any Papua New Guinean to move into one of the more comfortable houses.'

80. Downs *The Australian Trusteeship* p.487, shows that while the first House had 54 elected members (44 Open, and 10 Special electorates), the second had 84 elected members (from 69 Open and 15 Regional electorates). In both there were 10 appointed Official members. From one hundred per cent of the 3 elected members in the first Legislative Council, formed in 1951, the expatriate proportion declined to 20 per cent in 1968, and 8.6 per cent of a further expanded House of Assembly in the 1972 election which preceded self-government.

conservative in terms of any pronounced drive for self-government and national independence, most candidates and elected MHAs were closely tied to the concerns of rural electorates for more state facilities and economic growth.⁸¹

Even in rural areas where the opposition to colonial authority was long-standing, enlarging of the legislature for the 1968 election channelled many of the most important critics into electoral politics. This effect was especially noticeable on the Gazelle Peninsula. In this area popular dissatisfaction had begun in the early 1950s, then continued and strengthened during the 1960s. Discontent was being fuelled by a rapid population increase and growing land shortages, where the pre-World War II alienation of land for plantations had been especially substantial.⁸² Large areas of undeveloped and partly planted land on these largeholdings invited organised as well as spontaneous occupation by squatters.

The demands for land from the landless were easily joined politically to claims for more largeholding areas by Tolai bourgeois and would-be bourgeois. Members of the indigenous capitalist class had become wealthy through cocoa growing, processing and trading, as well as other commercial activities. However their ambitions were restricted in one of the colony's most economically advanced but land scarce areas (see previous chapter and chapter Six below). The nationalist anti-colonial appeals, directed against 'foreigners' helped to cover the inherent opposition between the two forms of claims for land by indigenes, as smallholdings or plantations, on the Peninsula. Nationalism assisted in the transformation of direct action, squatting, unauthorised planting of vacant land and other measures, into electoral politics.

81. Cf. Edward Wolfers 'The 1968 Elections' *New Guinea* v.3, no.3, 1968, pp.50-61, who concluded (p.53): 'For many Papuans and New Guineans the quadrennial House of Assembly elections are no more than a device, or the occasions, for the expression of traditional rivalries in their areas.' However, as Parker indicates, there was some difference between attitudes of electors and candidates towards the Administration and expatriates, with further variation in different parts of the country. See 'From Dependence To Autonomy?' p.324. Also T.G.Harding and P.Lawrence 'Cash Crops or Cargo?' in A.L. Epstein, Parker and Reay eds. *The Politics of Dependence* pp.162-207

82. T.Scarlett Epstein 'The Mataungan Affair' *New Guinea* v.4, no.4, 1969-1970, pp.9-14, claims (p.9): 'About 30% of all the Gazelle Peninsula land is in non-indigenous hands'. See also Ann Chowning, A.L. and T.S.Epstein, Jane Goodale and Ian Grosart 'Under the Volcano' in A.L. Epstein, Parker and Reay eds. *The Politics of Dependence* p.52

Long-standing grievances united generations of Tolai. The Varzin claim regarding the ownership of a plantation by an expatriate planter which ran from 1952 until rejected in 1964 by a decision of the High Court of Australia was seminal in this respect.⁸³ From the mid-1960s, 'more and more plantation boundaries came into dispute and unoccupied portions of European plantations were invaded by Tolais'.⁸⁴ By 1966 there were over one hundred and fifty appeals by Indigenes waiting to be heard by the Supreme Court against Land Titles Commission decisions. Most appeals concerned land on the Peninsula.⁸⁵

When in September 1967 squatters occupied and planted a portion of Raniola, a W.R.Carpenter and Co. plantation, the Administration was forced to act in support of the firm. Previously instructed by the Department of External Territories' Secretary Smith to take police action in support of the legal owners, the Administrator passed on this advice to the DC, East New Britain. The ejection of squatters from Raniola, conducted by unarmed police, pushed the land claimants into electoral politics. One of the squatters' leaders, Oscar Tammur won the electorate of Kokopo Open at the 1968 House of Assembly elections.⁸⁶ Educated at a Roman Catholic seminary, he was a schoolteacher, 'the son of a prosperous cash cropper and former *luluai* [administration appointed headman]'.⁸⁷ At 26 Tammur became the youngest MHA. His success and that of Matthias ToLiman, the sitting Member for Gazelle Open seat, who campaigned on the need to settle Tolai land claims, took local grievances to the House of Assembly. The Rabaul Open seat too was taken by a regular government critic, Epineri Titimur.⁸⁸

83. *The Australian Trusteeship* pp.170-174

84. *The Australian Trusteeship* p.335

85. *The Australian Trusteeship* p.335. Downs also notes: 'Patrol officers were overburdened with investigations and surveys in response to Tolai incursions. Sometimes survey pegs were moved, gardens planted within plantations or palms cut down. The people invaded estates to stage mass protests by simply squatting on the ground. The properties of Coconut Products Limited, a subsidiary of the island colossus W.R.Carpenter (Holdings) Ltd., were a major target.'

86. Epstein 'The Mataungan Affair' pp.9-10

87. Chowning et.al 'Under the Volcano' p.63

88. Chowning et al. 'Under the Volcano' caution (p.72) against any simple explanation of the outcome. They point to a reduced voter turnout from the previous 1964 election, evidence that voters did not necessarily connect selecting an MHA with solving their immediate concerns, as well as an ambiguity in attitudes towards the Administration. Nevertheless, they also note (p.76) that in Gazelle and Kokopo, 'land was pre-eminently what many people had on their minds.'

On Bougainville, the 1968 election also had the effect of further channelling opposition to planning and initial construction of the Panguna mine into parliamentary politics. Paul Lapun, who in 1964 had been elected to the House of Assembly for the South Bougainville Open electorate, strengthened his position between the two elections by successfully pushing for an amendment to the Mining Ordinance which increased the royalty paid to local landowners at the mine site. Appointed as Under-Secretary for Forests, Lapun's 'superior education and articulateness enabled him to take a much greater role [in the House] than less sophisticated members from the Highlands'.⁸⁹ While separatist sentiments had already begun to appear among Bougainvilleans, Lapun was easily re-elected, despite associating himself with the mainland-dominated Pangu Pati.⁹⁰

Prior to the 1968 election, the ten Special electorates reserved for non-indigenous members were abolished, replaced by fifteen Regional electorates. An educational qualification, the Territory Intermediate Certificate or equivalent, applied instead of the racial qualification which had been in place for the Special electorates. No qualification was required for Open seats. The election campaigns for the Regional and Open seats largely mirrored the manner in which a generational and educational shift was tied to local demands in most of the colony's electorates.⁹¹ The shift in the educational attainments of some elected MPs would soon have implications for national politics.⁹² The distance was rapidly widening between the earlier 'traditional' holders of authority and the people who would take

89. Eugene Ogan 'Charisma and Race' in A.L. Epstein, Parker and Reay *The Politics of Dependence* p.143

90. Ron Crocombe 'Bougainville! Copper, C.R.A. and secessionism' *New Guinea* v.3, no.3, 1968, pp.39-47, notes that Bougainvilleans and (British) Solomon Islanders discussed the possibilities of uniting, instead of the former remaining in Papua New Guinea, at a South Pacific Conference held in 1965 at Lae. This meeting was held well before the full significance of the mine's economic scale was understood.

91. Wolfers 'The 1968 Elections' p.58.

92. Wolfers 'The 1968 Elections' p.58 concludes that with the appropriate qualifications for the difficulty of comparing formal education across the country, the most systematic study available suggested that: 'By and large, the (indigenous) men elected [for the Open seats: SM] represented something of an educational elite in each area.' Cf. Parker 'From Dependence To Autonomy?' in Epstein, Parker, and Reay eds. *The Politics of Dependence* p.320, who notes that: '(T)he Western-style qualifications and capacities of non-European elected members rose appreciably' and (pp.320-321) 'Traditional "big men" had become less significant for various reasons, and there was a steady increase in the number of people coming out of Australian-sponsored schools and training institutions and into Australian-generated types of employment and enterprise'.

power within a few years, even while the bulk of the electorate continued to reside on smallholdings.

The parochialism of electoral contests among rural populations was reflected in the fragmentation of parties and the predominance of unaffiliated and/or only loosely allied candidates.⁹³ As the assessment by Parker concludes:

(T)he 'parties' were so unorganised and so unpopular that in practice all alliances, including common party membership...(were) essentially personal associations between individuals who felt they had common political views and aspirations.⁹⁴

Even expatriates, representing concerns about the prospect of self-government and the rise of indigenous nationalism, were unable to form more than loose personal alliances. Where parties were formed these tended to be locally based. The seven parties, including Pangu, which had candidates who identified even loosely with their titles and programmes were established in just four out of the colony's eighteen administrative districts, East Sepik, Central, Madang and East New Britain.⁹⁵ Only the Pangu Pati 'proved able to field candidates – officially or informally – in most regions of the Territory at the 1968 elections'.⁹⁶ Yet Pangu too was like other parties largely 'irrelevant at the popular level'.⁹⁷

In part, the absence of parties reflected the limited role of the legislature, where colonial officials still dominated. According to Parker, 'except over very restricted areas no political voice had yet been heard which could rival that of the Administration'.⁹⁸ It was not until after 1968 when the incorporation of PNG as a

93. On the beginnings of parties, see Edward P. Wolfers 'The Political Parties' *New Guinea* v.2, no.3, 1967, pp.10-31; Wolfers 'The Emergence of Political Parties in Papua and New Guinea' *Journal of Pacific History* no.3, 1968, pp.155-159; Parker and Wolfers 'The Context of Political Change' pp.30-35; David Stephen A *History of Political Parties in Papua New Guinea* Melbourne: Lansdowne Press, 1972; Downs *The Australian Trusteeship* pp.381-391. Somare Sana p.47 emphasises that while discussions on the need to form parties began soon after the first House of Assembly met: 'The educated members of the House felt frustrated. More and more people argued in favour of political parties, many of us arguing that, if we wanted democracy, political parties were a necessity. But the Administration seemed to regard political parties as some sort of threat to their monopoly rule and actively discouraged them.'

94. Parker 'From Dependence To Autonomy?' p.333

95. Parker and Wolfers 'The Context of Political Change' p.34

96. Parker and Wolfers 'The Context of Political Change' p.33

97. Wolfers 'The Elections' *New Guinea* v.2, no.4, 1967, p.68

98. Parker 'From Dependence to Autonomy?' p.340

state within the Australian federation was formally rejected, and July 1970, when during a visit to PNG Australian Prime Minister John Gorton insisted upon a greater measure of indigenous responsibility for the government of the country, that approaching self-government consolidated representative blocs into colony-wide parties.

The loosely organised blocs, faced with the increasing determination of the Australian government to hasten the transition to self-government, were split over the speed and terms of this move. Although subjected to increasing criticism, accelerated development remained influential in colonial policy during and immediately after the 1968 election. The initial brushing aside of opposition on Bougainville and the Gazelle Peninsula from 1969 and into the early 1970s showed the continuing power of this variant of development, and its effects on colonial officialdom. Subsequently the push to bring about self-government was associated with a reaction against some aspects of accelerated development. The next section shows that while the certainty of national independence was joined with a continuing attachment to the idea of agrarian development, there was less certainty about how it would be effected.⁹⁹

The Indigenous Attachment to Development

A commitment to intentional development and the agrarian focus of thought about development passed easily from the Australian authorities to the Papua New Guineans who gained power during the late 1960s and early 1970s. Speaking in the House of Assembly on March 3, 1969, two of the most important indigenous politicians signalled the importance of 'bringing development' as the appropriate objective for a representative holding state power. Moving a condolence motion on the death of Kaura Duba, newly elected Member for the Jimi Open Electorate, Tei Abal, Ministerial Member for Agriculture, Stock and Fisheries, said:

He wanted to develop his own electorate and he also worked for national development...

99. For two other accounts which deal with agricultural policy during the move to national independence, see R.F. McKillop 'Agricultural Policy-Making' and H.K. Colebatch 'Policy-Making for Rural Development' in J.A. Ballard ed *Policy-Making in a New State Papua New Guinea 1972-77* St. Lucia: University of Queensland Press, 1981, pp.238-256, 257-279

Opposition party leader Somare, Member for East Sepik Regional, reiterated Abal's description in seconding the motion:

He was the elected representative of his people; he came here both to bring development to this country and to his people...¹⁰⁰

Further, for indigenous representatives as well as for colonial officials and expatriate advisers, the preferred direction of development efforts remained the rural areas, as the primary base for the productive endeavours of the majority of the people as well as the most desirable means for dealing with rising unemployment and disorder.¹⁰¹

Unemployment, Underemployment and Disorder

In October 1970, when visiting Washington D.C., Pangu Pati leader and MHA Somare compared children at play in slum conditions in the US capital with those 'to be seen at home in the slums that have started to grow on the periphery of our larger towns'. In his autobiography, PNG's first prime minister asked rhetorically:

Will we at home have to go through the same experience [as evidenced by black impoverishment in US cities]? I hoped that we would be able to get rid of our slums and help our people live better.¹⁰²

The Prime Minister's concern continued. Shortly after Independence in September 1975, Prime Minister Somare visited China to explore the possibilities of diversifying foreign aid sources away from Australia, and finding ways to reverse the increasing drift of the population from the countryside to towns.¹⁰³

100. See PNG *House of Assembly Debates* Second House V.2, Nos.4-5 March 3 to June 27, 1969, p.825, for both statements.

101. Marion Ward 'Urbanisation-Threat or Promise?' *New Guinea* v.5, no.1, 1970, pp.57-62 points out that in August 1969, a 'motion was passed in the (House of Assembly) indicating that a majority of its members [nearly all of whom were indigenes] saw urbanisation as a threat to village life and as a cause of unemployment, and requested the Administration to reintroduce restrictions on movements to towns except where employment was assured or for short visits'. Reprinted in Ron May ed. *Change and Movement: Readings on Internal Migration in Papua New Guinea* Canberra: PNG Institute of Applied Social and Economic Research in association with ANU Press, 1977, pp.52-57. Ward's thesis, that 'urbanisation should be regarded far more positively than appears to be the case in Papua New Guinea at present' was exceptional in the circumstances. See, as well as Garnaut's statement cited in 'The Continuing Virtue of Village Life' at the start of this thesis, J.D.Conroy 'Urbanisation in Papua New Guinea: A Development Constraint' in May ed. *Change and Movement* pp.59-70

102. Sana p.82

103. Ralph Premdas 'Papua New Guinea in 1976: Dangers of a China Connection' *Asian Survey* v.17, no.1, January 1977, pp.55-60. Somare's visit had been preceded in January 1975 by Sir Albert Maori Kiki who went to China with the announced aims of promoting PNG, looking for a

The late colonial concern of indigenous leaders with increases in the urban population and the related effects of unemployment, impoverishment and disorder arose from a major change which had begun in the mid-1960s, concomitant with rapid economic growth.¹⁰⁴ Population increases in the most important centres were especially striking, and changed completely the character of the main towns. They had previously been primarily expatriate enclaves, with the indigenous presence confined to the perimeters in peri-urban settlements, except during daylight working hours. From the mid-1960s there was a rapid indigenisation of most urban residential areas. As Garnaut notes:

Between 1966 and the second census in 1971, the indigenous urban population grew at the phenomenal compound rate of 17 per cent per annum...By 1971, the towns held almost 10 per cent of the national population, having grown much faster than the village and non-rural village populations. The towns accommodated almost half of the national population increase and over half of the increase in the male population...¹⁰⁵

As a consequence of the over-all movement to urban centres, the main political-administrative town, soon-to-be national capital contained a reduced proportion of the country's total urban population. Nevertheless, by 1971 Port Moresby had an indigenous population of 60,000, almost double the 1966 number. Lae, the main manufacturing centre with 32,000 indigenes resident, was the second largest town.¹⁰⁶ This rapid increase in urban populations, without substantial improvements in the availability of housing and urban services was linked initially with a major expansion of various forms of wage employment.

market for coffee and cocoa, and "" to study Chinese programs especially in village development and small-scale industries...". Cited in James Griffin 'Papua New Guinea' *Australian Journal of Politics and History* v.21, no.3, 1975, p.129.

104. Concern with unemployment, and the associated disorder, did not commence in the 1960s however. As noted in Chapter Two, the immediate post-war colonial administration was alert to the possibility that post-war reconstruction would lead to increases in leisure activities at the expense of productive labour, which applied to urban as well as rural areas. In the late 1950s, colonial officials focused attention upon the increased migration to and associated unemployment/underemployment in major urban centres. See NAA A452/1, 1963/8164, *Native Unemployment in Urban Areas in Papua and New Guinea 1958-1967*.

105. Ross Garnaut 'Urban Growth: An Interpretation of Trends and Choices' in May ed. *Change and Movement* p.74. See also Garnaut, Michael Wright and Richard Curtain *Employment, Incomes and Migration in Papua New Guinea Towns* Monograph No.6 Boroko: IASER, 1977, pp.3-5, including qualifications regarding the data.

106. Garnaut 'Urban Growth' pp.75-79

Between 1962 and 1964 there had been a forty per cent increase in indigenous workers in public administration, and growth continued at a rapid rate into the 1970s. Later, especially after the beginning of construction work at Bougainville, private employment also expanded sharply. That work, primarily in urban jobs associated with tourism, commerce and manufacturing, as well as mining and construction, involved fewer employment agreements. Unlike the earlier substantial use of formal agreements for many plantation workers, throughout the 1960s private employment was increasingly accompanied by casualisation. By the early 1970s, a substantial majority of workers outside the public administration had little employment security.¹⁰⁷ A downturn in the rate of growth of wage employment of the early 1970s coincided with weak commodity prices for farm crops, which in turn 'reduced rural incomes and demand for urban goods and services'.¹⁰⁸ Urban unemployment increased, although more sharply for working-age males than females, and especially in Port Moresby.¹⁰⁹ National politicians were concerned about this change.

Although the bulk of the urban population increases had occurred through people from peri-urban settlements and proximate rural areas moving into the towns, substantial migration from the heavily populated Highlands also began to make a significant contribution to urban populations. While in 1971 a majority of the indigenous population in towns were migrants, and the proportion of migrants born nearby remained greatest, an important change was underway. In Port Moresby, Lae, Madang and Wewak 'the most notable development in the origins of migrants

107. Garnaut 'Urban Growth' pp.72-74. Contra the concerns of national politicians for the effects of urbanization, Garnaut (p.72) describes the 'marked decline in the relative importance of formal employment agreements' and the increase in casual employment as indicating 'growing self-confidence and mobility in the workforce' which 'paved the way for the migration of family groups, which became increasingly important through the 1960s.'

108. Garnaut 'Urban Growth' p.87

109. Garnaut 'Urban Growth' pp.75-81. Garnaut also argues (p.72), against criticism of the first years of the Michael Somare-led government, that between mid-1971 and 1977 there was no increase in the proportion of men in Port Moresby who did not have wage or salaried employment: see also Garnaut 'The Neo-Marxist Paradigm in Papua New Guinea' in R.J.May ed. *Social Stratification in Papua New Guinea* Working Paper No.5 Canberra: Department of Political and Social Change, RSPAS, ANU, August 1984, pp.63-81. However between 1971 and 73/74, at least, the proportion of all people in wage employment fell, as more and more women and children moved into Port Moresby, Lae, Rabaul, Madang and urban centres on Bougainville. See Garnaut, Wright and Curtain *Employment, Incomes and Migration* pp.23-25

to these towns was the greatly increased flow from the highlands Provinces'.¹¹⁰ By 1972, one estimate suggested that for a Port Moresby population of around 75,000, there were approximately 10,000 migrants, or just under ten per cent, from the Highlands.¹¹¹ As the proportion of coastal (ie. not including the Southern Highlands) Papuans in the main highlands towns of Goroka and Mt Hagen fell, Highlanders began to migrate in substantial numbers to urban centres outside the region. A key component of uniform development, keeping smallholders on land in the Highlands to grow coffee and other crops, had begun to unravel. Out-migration was a consequence.

To make matters more difficult for the incoming indigenous government, rising unemployment and underemployment was also occurring in the rural areas. Squatting continued on Gazelle plantations,¹¹² and separatist even secessionist demands were being pressed in Bougainville and among Papuans.¹¹³ There was a major re-appearance of 'tribal fighting' in the Highlands. On the smallholdings where coffee was grown, a substantial generation gap was beginning to emerge, with most growers older, less well educated, dependent on extension services.¹¹⁴

Opposition to self-government was especially powerful in the Highlands by comparison with other regions of the colony. There were increasing tussles among smallholders, as well as between these and the indigenous capitalist class over the largeholdings being vacated by expatriate owner-occupiers and firms.¹¹⁵ There was

110. Garnaut 'Urban Growth' p.81

111. See James Griffin 'Movements for Separation and Secession' in A. Clunies Ross and J. Langmore eds. *Alternative Strategies for Papua New Guinea* Melbourne: Oxford University Press, 1973, p.109. This was not a census year and the figure was supplied to Griffin by Councillor N.D. Oram.

112. Downs *The Australian Trusteeship* pp.424-437 and pp.510-525 details the continuing revolt on the Gazelle Peninsula.

113. James Griffin notes that prior to Independence separatist demands, or at least demands couched in the language of separatism, were not confined to Bougainville political leaders, and included Papuans, led by Josephine Abaijah. See 'Movements for Separation and Secession' pp.99-130. A. Clunies Ross 'Secession without Tears' in *Alternative Strategies* pp.131-138 provides some justification for as well as mechanisms appropriate for achieving secession. See Downs *The Australian Trusteeship* pp.525-529 on Papua Besena.

114. David Anderson *An Economic Survey of Smallholder Coffee Producers-1976* Port Moresby: Department of Primary Industry, Planning Economics Marketing Branch, p.9

115. MacWilliam 'Smallholder Production, the State and Land Tenure' in Larmour, Peter (ed.) *Customary Land Tenure: Registration and Decentralisation in Papua New Guinea* Boroko: IASER, pp.25-26m where it is documented that in 1974 'the apparently rising incidence of unsavoury

also concern among Highland leaders and university students from the region that a too-rapid departure of the colonial administration would result in coastal and island politicians dominating the national government.¹¹⁶

Coffee from the Highlands had become the country's most important agricultural export. Fighting threatened both smallholder production, which yielded around seventy per cent of the national output with up to eighty per cent of households growing the crop, and plantations. The committee set up by the first Somare government to examine the fighting rejected a mono-causal explanation for the increase in the scale and degree of violence associated with the fighting. Nevertheless it concluded that 'most of the fights are connected with disputes over land'. New cash crops had made land more valuable, and impending self-government had encouraged claimants of disputed land to try to obtain possession in the belief that 'possession at that date [that is, of self-government] will be the basis of future legal ownership'.¹¹⁷

Academics debated whether there was indeed unemployment, with some urging measures to encourage further expansion of smallholder agricultural production to reduce under-employment.¹¹⁸ Important indigenous politicians had no doubt about

and openly hostile attitudes towards plantation owners and expatriate workers (was) prompting a number of owners to place their properties on the market' in the Western Highlands. These incidents were not, of course, confined to the Highlands: see more generally Jim Fingleton 'Policy-Making on Lands' in Ballard ed. *Policy-Making in a New State* p.237, who notes that in 1974 a Division of District Administration list showed 'that around the country some sixty properties were illegally occupied, either totally or partly, and another forty properties were threatened with occupation'.

116. Bill Standish 'Elite Communalism: The Highlands Liberation Front' in May ed. *Micronationalist movements in Papua New Guinea* pp.359-392

117. Government of Papua New Guinea *Report of the Committee Investigating Tribal Fighting in the Highlands* Port Moresby: Government Printer, May 1973, pp.2-5

118. For a summary of the positions taken in the early 1970s by academics regarding unemployment and underemployment, see Garnaut, Wright and Curtain *Employment, Incomes and Migration* pp.7-13. Fisk repeated his earlier argument that rural Papua New Guineans were not so much unemployed as underemployed, lacking the incentive to produce more, because of the prevailing condition of 'primitive' or subsistence affluence. See Fisk 'Cold Comfort Farm'; Fisk 'Labour absorption capacity of subsistence agriculture' and Fisk 'Development goals in rural Melanesia'. Fisk was in turn cited favourably by Conroy 'Urbanization in Papua New Guinea: A Development Constraint' pp.64-66, in his attack on Marion Ward's support for urbanization, as well as the position adopted by R.G.Ward 'Internal Migration and Urbanisation in Papua New Guinea' in Research Bulletin No.42 *Population Growth and Socio-Economic Change* Papers from the second demography seminar, Port Moresby 1970 Canberra and Boroko: New Guinea Research Unit, ANU, pp.81-107, reprinted in May ed. *Change and Movement* pp.27-51, which urged policies for both

the seriousness of conditions being faced in towns and rural areas by substantial numbers of indigenes.¹¹⁹ Consequently, an urgent problem facing the colonial administration and then the self-government coalition was what policies were most suitable for a national government directing an independent nation-state.¹²⁰ Before Independence, three important reports provided advice on post-colonial development policy. The 1973 Faber report and the 1973 report of the *Commission of Inquiry into Land Matters*, followed in 1974 by the *Constitutional Planning Commission* report, pointed away from the colonial administration's favoured accelerated development policy.

The Search for a New Direction

The Faber Report

In the turmoil and uncertainty of the early 1970s, during which the 1972 election produced an unexpected outcome with the victory of the Somare-led coalition government, the reaction against colonial authority and policies became particularly powerful. The strength of the reaction was made obvious when in June 1972, one of the first acts of the newly formed Somare government was to present a white paper, intended to provide the basis for a sequel to the 1968-1973 five year plan *Programmes and Policies for the Economic Development of Papua and New Guinea*. Prepared by the Office of Programming and Coordination (OPC) within the administration but introduced into the parliament by the new government, the program proposed in the white paper supported a continuation of accelerated

urban and rural 'improvement' as complementary and necessary. Conroy 'Urbanisation in New Guinea: a development constraint' had initially been presented at the Sixth Waigani Seminar, on which more below.

119. Indigenous politicians were not the only ones concerned with the rapidly developing inequalities among indigenes: as Downs *The Australian Trusteeship* p.537 notes Australian Minister for External Territories Andrew Peacock was also aware 'of the dangers of developing an unstable society with an unhealthy gap between impoverished peasants and a prosperous isolated elite'. See the Minister's Opening address to the Sixth Waigani Seminar at UPNG, held from April 30 to May 5, which begins with the sentence: 'Development will clearly be one of the main interests of the new government and the House of Assembly'. The address appears in Ronald J. May ed. *Priorities in Melanesian Development* Canberra and Port Moresby: RSPAS, ANU and University of Papua New Guinea, 1973, pp.3-6. See also Ross Garnaut 'Problems of Inequality: The social organisation v. the state' *New Guinea* v.7, no.3, 1972, pp.52-62

120. Some indication of the intellectual ferment and uncertainty of the period can be gained from other papers presented to the Waigani Seminar. See May ed. *Priorities in Melanesian Development*; Ivan Illich 'Design for a Convivial Society?' *New Guinea* v.7, no.2, 1972, pp.2-7; Oskar Spate 'Problems and Priorities: Summing up the Sixth Waigani' *New Guinea* v.7, no.2, 1972, pp.50-62

development policies. This direction was rejected by the parliament as unsuited to the economic and political circumstances.

These circumstances included alternate advice which had begun to flow to the incoming government from a number of international and domestic sources.¹²¹ The rejection of the five year plan was couched in terms which showed the Influence of ideas promulgated by an advisory group which from March to May 1972 had visited PNG. This group conducted a study arranged by the Australian Government through the World Bank as executive agent for the UNDP. The Bank commissioned consultants from the University of East Anglia to provide advice on development strategies for the five years from 1973.¹²² Over the next few months the group began to circulate their draft report, before its final submission in September to the World Bank and the Australian government.¹²³

121. Once again, it is necessary to caution against a too precise delineation of these boundaries: as will be seen some of the most important domestic politicians were bearers of international ideas, including about the most appropriate forms of development which should become policy, while there were many international, including Australian, advisers working on developing policy for the national government. John Ballard 'Policy-Making as Trauma: The Provincial Government Issue' in Ballard ed. *Policy-Making in a New State* pp.95-132, notes (p.131) how influential non-Australian consultants, including Canadians, were especially important 'in any kind of radical administrative reform' such as decentralization (on which more below).

122. Peter Fitzpatrick, a government adviser during the transition, concludes (p.22) that the Overseas Development Group of the University was 'then the most radical centre for development studies in the UK', with some members of the consultancy team known internationally. Team leader Mike Faber had been instrumental in the nationalization of the copper industry in Zambia. Another member of the team Keith Hart was influential in the formulation 'informal sector'. Fitzpatrick also notes the international shifts underway, including in the views of the World Bank. See 'The Making and Unmaking of the Eight Aims' in Peter King, Wendy Lee and Vincent Warakai eds. *From Rhetoric to Reality? Papua New Guinea's Eight Point Plan and National Goals After a Decade* Waigani: University of Papua New Guinea, 1985, pp.22-31. Other important documents charting the shift, listed by Fitzpatrick, include International Labour Organisation *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya* Geneva: International Labour Organisation, 1972 and Hollis Chenery et.al. *Redistribution with Growth* London: Oxford University Press, 1974. For a later account of the shifting ideas about development, see Martha Finnemore 'Redefining Development at the World Bank' in Cooper and Packard eds. *International Development and the Social Sciences* pp.203-227. See also Downs *The Australian Trusteeship* pp.537-538.

123. Fitzpatrick 'The Eight Aims' p.24, suggests that the administration-prepared plan was 'an effort to outflank Faberism which offered lots of principles and lots of choices but, in the end, there remained one priority: maximum growth in the formal economy fuelled by foreign investment'. The importance of other international sources of ideas should not be underestimated: the Sixth Waigani Seminar in April-May 1972 had not only heard Peacock's cautionary words, noted above, but also from René Dumont, French agronomist and Ivan Illich, educationist. Dumont 'Some reflections on priorities in Melanesian development' in May ed. *Priorities in Melanesian Development* pp.7-19, emphasised (p.7) 'that it is imperative at the beginning to foster a more rapid growth of agriculture', citing a phrase (Agriculture is the base of the economy, industry the engine of development) which

Although not finally published until February 1973, the Faber report was highly influential well before publication.¹²⁴ The views of the Mission's members influenced the December 1972 announcement by Chief Minister Somare of the government's economic plans and the establishment of a small planning secretariat answerable to a Cabinet committee of the governing Coalition parties' leaders. As a result of Finance Minister Julius Chan's resistance to the term 'Development Programme', the plans were initially described as an 'Improvement Programme'.¹²⁵ The Programme would become better known as the Eight Aims, foremost of which were indigenization of the control of the economy, equalization of economic benefits, and decentralisation of economic activity. Over the next three years, the Eight Aims were at the centre of intense political tussles among indigenous leaders and government critics. The debates over design and implementation continued after Independence.¹²⁶

Just as the colonial administration transferred authority, changes to the manner in which policy was designed and asserted by the newly elected government fuelled domestic opposition. As the Faber report's recommendations were being considered, the government deliberately abolished the previous administration's OPC and later established a Central Planning Office (CPO).¹²⁷ The government kept a tight rein on the formulation of the Eight Aims, including by relying on sympathetic and thus reliable expatriate advisers.¹²⁸ While this was done in part to

he claimed was the basic formula of Chinese development since 1960. See also Illich 'Design for a Convivial Society?'

124. Officially *A Report on Development Strategies for Papua New Guinea* Report Prepared for the IBRD/World Bank by a Mission from the Overseas Development Group, University of East Anglia, February 1973.

125. Fitzpatrick 'The Eight Aims' p.24

126. For the second Somare government's sensitivity to criticism over the effectiveness of government programs to implement the Aims during the first seven years after Independence, see Deputy Prime Minister and Minister for National Planning Paias Wingti 'Standing By Our Principles in Tough Times' in King, Lee and Warakai eds. *From Rhetoric to Reality* pp.15-21

127. Garnaut 'The Framework of Economic Policy-Making' in Ballard ed. *Policy-Making in a New State* pp.157-211 discusses the formation and subsequent operation of the CPO. Garnaut was a research fellow at the New Guinea Research Unit from 1972 to 1975, during which time he acted as consultant and adviser to the government, including to the Finance Minister. See Ballard 'Contributors' in *Policy-Making in a New State* p. xiv, for an extended statement on Garnaut's official roles during and immediately after self-government.

128. Garnaut 'The Framework of Economic Policy-Making' in Ballard ed. *Policy-Making in a New State* pp.157-211

pre-empt anticipated opposition from the remaining colonial officials, objections were also expected from some ministers and other members of parliament.¹²⁹ Subsequently the Eight Aims were further shaped by a number of committees, and specific programmes submitted to the CPO. Voutas, MHA from 1966 and 1972, founding member of Pangu Pati, and principal research officer in PM Somare's office from 1972 to late 1974, explains that:

The powerful Constitutional Planning Committee boosted the process of commitment to agreed national aims even further by developing the Eight Aims and having them incorporated in Papua New Guinea's Constitution as a bipartisan statement of the philosophy behind the new state.¹³⁰

Voutas may well be correct that the lineage of the National Goals and Directive Principles included in the preamble to PNG's constitution leads from the Eight Aims through the Constitutional Planning Committee (CPC) to the Constitution.¹³¹ But the expression 'bipartisan statement' avoids more fundamental questions about what was the 'philosophy behind the new state'. Major disputes surrounding 'philosophy' were becoming apparent, especially over two matters, land and the structure of the new nation-state's governing institutions.

The Commission of Inquiry into Land Matters

As noted previously, since the late 1950s the need to change land tenure arrangements in order to lift smallholder productivity began to affect policy deliberations. The complexity and difficulty of making the desired changes was also recognised. In the last days of the colonial administration an attempt was made to introduce legislation which would make it possible to substantially extend adjudication and systematic registration of land held under customary title in

129. Tony Voutas describes (p.36) how drafting on the aims was done with 'almost no consultation ...with senior public servants' and little circulation of the final Cabinet paper on the Eight Aims beyond government ministers. Voutas justified this process by the subsequent response from departmental heads who 'were aghast that outsiders with little public service experience should have put a proposal to Cabinet on overall development philosophy without it first being vetted, modified, and agreed upon among departments.' See more broadly his 'Policy Initiative and the Pursuit of Control' in Ballard *Policy-Making in a New State* pp.33-47 for an insider's view of the 'development of a broad policy framework'.

130. 'Policy Initiative and the Pursuit of Control' pp.36-37

131. For the Constitution and the source of specific sections, see: Brian Brunton and Duncan Colquhoun-Kerr *The Annotated Constitution of Papua New Guinea* Waigani: University of Papua New Guinea Press, 1984

selected areas. Encumbrances on registered titles, including those which limited the powers of mortgagees, were to be removed and control of dealings in land decentralised to land control boards, where local landowners would exercise authority.

One result of this late colonial attempt at legal and institutional reform was the formation of a powerful coalition, which included indigenous politicians, expatriate academics and lawyers, opposed to the proposed legislation. The growing squatter revolt and generalised lawlessness underpinned a nationalist opposition to any such late expression of colonial authority. The fear that the moves promoted by the legislation would accelerate what one critic termed 'an agrarian revolution' which increased landlessness strengthened the opposition.¹³² The proposed legislation was withdrawn and in February 1973, the same month that the Faber report was published, the Administrator appointed the Commission of Inquiry into Land Matters (CILM). Its report was submitted in October 1973.

There is no need to revisit here the CILM's composition, its activities or report: the literature on each subject is extensive and comprehensive, some of it by committed participants and some by subsequent commentators.¹³³ One of the former, Jim Fingleton has assessed the CILM report as a threat not only to the 'privileges of dominant commercial entities in the country' but also to the aspirations 'of the emerging Papua New Guinean class of entrepreneurs'.¹³⁴ For this account, it is sufficient to note that as a consequence of the CILM report and the political tussles

132. A. D. Ward 'Agrarian Revolution: Handle with care' *New Guinea* v.6, no.4, January 1972, pp.25-34. See for an exchange between Ward and Ron Crocombe over Ward's article, 'Letters' *New Guinea* v.7, no.1, 1972, pp.63-64.

133. Alan Ward and Jim Fingleton were supporting staff for the CILM: see Fingleton 'Policy-Making on Lands' in Ballard ed. *Policy-Making in a New State* pp.212-237; Fingleton 'Plantation Redistribution among the Tolai' *Melanesian Law Journal* v.11, 1983, pp.99-123; Ward 'Customary Land, Land Registration and Social Equality' in Denoon and Snowden *A time to plant* pp.249-264; Ward 'The Commission of Inquiry into Land Matters 1973: Choices, Constraints and Assumptions' *Melanesian Law Journal* v.11, 1983, pp.1-13; Ward 'Time to Make a New Start' in Peter Larmour ed. *Customary Land Tenure: Registration and Decentralisation in Papua New Guinea* Monograph No.29 Boroko: National Research Institute, 1991, pp.177-194. See for an academic assessment, Peter Larmour *Land Policy and Decolonisation in Melanesia* Ph.D. Thesis Sydney: Macquarie University, 1987; Larmour 'Registration of Customary Land: 1952-1987' in Larmour ed. *Customary Land Tenure* pp.51-72.

134. 'Policy-Making on Lands' p.216

surrounding land reform, four Acts were passed in 1974 and a fifth, the Land Disputes Settlement Act, in the following year.¹³⁵

The fourth piece of legislation which followed the direction proposed by the CILM report, the Land Trespass Act, blocked the movement by squatters on to largeholdings. In their entirety the five Acts meant that takeover could only be sanctioned by the state and made illegal any other forms of occupation and ownership. The legislation also provided the basis for an important compromise between two distinct forms of contestants for the land. The takeover of largeholdings provided for the continued operation of some as plantations but the Acts also opened the door for some break-up of largeholdings to meet smallholder demands. The legal compromise was crafted by a committee, whose official members were Papua New Guineans with supporting staff 'entirely expatriate'.¹³⁶ Under the legislation a short-term resolution of the tussle between indigenes, for plantations and smallholdings, was made possible by the departure of European settlers who had been the owner-occupiers of estates, the surrender of unplanted acreages by major plantation companies, and the release of large areas held as government land.¹³⁷

As a further effect of the legislation, the ownership and occupation rights of large and small holders alike were now dependent upon post-colonial state power and made subject to the holders of this power, the indigenes who held national executive and administrative authority. With regard to Voutas' proposition regarding the development of a 'philosophy behind the new state', the compromise over transferring land ownership from expatriates to indigenes was critical in the process of establishing a central element of the philosophy. Indigenous governments wielding post-colonial state power would enshrine and defend private property rights, whether of largeholding or smallholding owners, and would not provide support for squatting or any other forms of illegal occupation.

135. The 1974 legislation consisted of the Lands Acquisition Act, Land Redistribution Act, Land Groups Act and Land Trespass Act. Fingleton 'Policy-Making on Lands' in Ballard ed. *Policy-Making in a New State* p.231 concludes these acts 'furnish(ed) the government with the legislative basis for its plantation redistribution policy'.

136. Fingleton 'Policy-Making on Lands' in Ballard ed. *Policy-Making in a New State* p.215

137. MacWilliam 'Smallholder Production, the State and Land Tenure' p.20

As much as this compromise dealt with ownership and occupation, it often left unresolved the more important matter of how to make productive what had become or threatened to become unproductive, land and labour. After Independence, as the compromises over land ownership were worked out in different areas of the country,¹³⁸ the critical question became 'What Do We Do About Plantations?'¹³⁹ As one contributor to a 1981 conference devoted to this question asked, regarding plantations which were subject to redistribution to indigenes as largeholdings 'Who wants to be the Labourer?'¹⁴⁰

If reformed land legislation provided the basis for an initial solution to the tussles between owners and would-be owners of largeholdings and households, a more serious matter was still to be settled which could not be done by mere legislative reform. This was because while planning was proceeding for the new nation-state, a struggle was taking place which in its most serious form raised important questions about development as national development. What would be the territorial parameters of PNG and what would be the governing institutions that reflected these boundaries? When including or excluding particular areas of the country had important implications for government revenues, and in turn the capacity of the state to bring development, attempts to remove or separate particular districts from the new nation-state were critical.

Such fundamental questions were the concern of the Constitutional Planning Committee, the most important of the numerous bodies established in the early 1970s to chart the direction of the independent nation-state. The CPC's deliberations as well as its final report presented in August 1974 to Chief Minister Somare were pivotal for future development policy.

138. See, for instance, Fingleton 'Plantation redistribution among the Tolai'

139. Michael A.H.B. Walter ed. *What Do We Do About Plantations?* Monograph No. 15 Boroko: Institute of Applied Social and Economic Research, 1981. Minister for Finance, former Mataungan Association leader Kaputin, opened the conference, stating: 'Sadly, results of localization of plantations have in many cases proved disappointing. Productivity has greatly declined...'

140. Bob McKillop 'Managing Plantations in Papua New Guinea Today: Who Wants to be the Labourer?' in Walter ed. *What Do We Do About Plantations?* pp.25-32

The CPC

The 1972 elections which preceded the formation of the self-government coalition had ensured that the opposition to accelerated development would have substantial parliamentary representation. During 1969 the Mataungan Association and Napidakoe Navitu had been formed to coordinate and represent opposition to important aspects of the accelerated development programme on the Gazelle Peninsula and in Bougainville respectively. Both organisations were electorally successful, and the most important anti-colonial indigenes were elected. Of the prominent critics of Australian colonialism, only the radical Bougainvillean student leader Leo Hannett failed to win endorsement to stand for a seat.¹⁴¹ Once elected, however, the Mataungan Association's leaders began to play a mediatory role, between plantation owners and squatters,¹⁴² while the successful Bougainvilleans concentrated initially upon improving compensation for land taken by the mine and acquiring a larger share of lease monies for landowners. For the colony over-all, the generational change noted above at the 1968 elections continued, if in a form mediated by 'tradition'.¹⁴³

A conservative coalition headed by the United Party had been expected to win the election and form the government. However the surprise victory and formation of a coalition government led by Pangu Pati and Somare advanced the co-optation of the anti-colonial nationalists. This coalition brought the strongest critics of the administration's plans to continue with accelerated development into positions of influence. Although the Mataungan leaders Tammur and Kaputin did not initially accept ministries, they supported the Pangu Pati-led coalition. The senior Bougainvillean MHA Paul Lapun became Minister for Mines, while Father John

141. See Ian Grosart and Christine F. McColl 'East New Britain' and Thomas Anis, Ephraim Makis, Theodore Miriung and Eugene Ogan 'Toward a New Politics? - The Elections in Bougainville' in David Stone ed. *Prelude to Self-Government: Electoral Politics in Papua New Guinea 1972* Canberra: RSPAS, ANU and the University of Papua New Guinea, 1976, pp. 373-399, 442-468; James Griffin 'Napidakoe Navitu' and Ian Grosart 'Nationalism and micronationalism: the Tolai case' in R.J. May ed. *Micronationalist movements in Papua New Guinea* pp. 113-138, 139-176

142. See MacWilliam 'International Companies and Nationalist Politics in Papua New Guinea' p. 19, where a May 1973 statement from Burns Philp's general manager plantation division based in Rabaul is cited, noting that: 'Matanguans (sic) have become a reformed capitalist organization, and have been of very great assistance to me in settling land disputes.'

143. Cf. Bill Standish 'New Men for an Old Society: the Chimbu Regional Campaign' and Leo Kuabaal 'Sinasin Open Electorate' in Stone ed. *Prelude to Self-Government* pp. 308-349 and 350-370

Momis became deputy speaker of the House and then effectively *de facto* chair of the CPC. A third Bougainvillean, Donatus Mola as Minister for Business Development was one of four People's Progress Party MPs, including Chan as Finance Minister, who took senior economic ministries.¹⁴⁴ The most important Bougainvillean politicians had a strong grip on power at the centre of the soon-to-be independent state.

The inclusion in the government coalition of most of the strongest critics of colonial rule and policy also meant that the government was to an extent dependent upon their support to maintain a parliamentary majority. The radical nationalists, represented especially by Momis and Kaputin, pushed this dependence, particularly in the formation and operation of the CPC. To balance their presence, and aided by the June 1972 parliamentary endorsement, Somare ensured that the CPC included what he termed 'the most skilled backbenchers', to formulate 'a home-grown constitution'.¹⁴⁵ If the composition of the CPC was an attempt to be inclusive, locking major radical nationalists into the process of devising a constitution, it also gave the same critics an institution through which they could exert political leverage. The result was especially important for the structure and operations of the national government, as well as in settling that all areas of the colony would remain within the new nation.

Although Somare was the formal *ex officio* chair, much of the direction taken by the CPC was determined by Momis and Kaputin – who first joined the government as Justice Minister in August 1973 and then was dismissed in October 1974, two months after the final CPC report was presented. Utilising a number of permanent and visiting consultants, between May and August 1973 members of the CPC travelled widely within PNG. Visiting 'almost every sub-district' and 'holding over

144. Downs *The Australian Trusteeship* pp.488-490, and Somare *Sana* p.93 provides a list of the ministry, while Somare *Sana* pp.83-94, Griffin, Nelson and Firth *Papua New Guinea* pp.178-186, and David Stone 'The Political Turning Point: The Birth of the National Coalition Government' in Stone ed. *Prelude to Self-Government* pp.529-538, discuss the unexpected formation of the governing coalition.

145. *Sana* p.98

one hundred public meetings attended by an estimated 60,000 people' the committee also called for and accepted 'well over 2,000' submissions.¹⁴⁶

For this study three features of the CPC's activities and final report are significant. Firstly, the very public process through which the CPC operated gave full vent to the radical nationalist position, in nearly all its aspects. This position sometimes caused concern and discomfort for the Australian and PNG governments, even to the extent that the date for Independence was delayed from 1974 to 1975. However with support from the opposition parties, especially the United Party, the government was able to defeat the radicals in parliament and strengthen its authority. Chief Minister Somare and his close ally Guise tabled a minority report 'Government Paper on Constitutional Proposals', which skilfully captured majority parliamentary support. Forcing conservative nationalists, cautious about self-government and strengthening the central government machinery, to back the Chief Minister against the radicals provided room for manoeuvre when the more substantial challenges appeared. As had been the case for most of the late colonial expatriate officials, including Hasluck, development continued to have national development through a strengthened state machinery, nation-building at its centre.¹⁴⁷ What remained to be resolved was the structure and operation of this machinery.¹⁴⁸

Secondly, the CPC re-enforced the move against accelerated development, when this was conceived primarily as increases in gross domestic product regardless of the consequences for land occupation and impoverishment. Instead the Committee emphasised three 'ideas', equality, self-reliance and rural development. The

146. Government of Papua New Guinea *Final Report of the Constitutional Planning Committee* 1974 Part 1 Port Moresby: Government Printer, 1974 p.1/1

147. See Somare *Sana* pp.95-108, especially p.99 for Somare's summary of his relations with Momis ; Diana Conyers *The Provincial Government Debate: Central Control Versus Local Participation In Papua New Guinea* Monograph No.2 Boroko: IASER, 1976, pp.40-50; Downs *The Australian Trusteeship* pp.491-495, 499-510.

148. Indigenisation of the public service, especially at the senior levels, was a critical component of strengthening: before Independence the expatriate presence both in the permanent positions and as advisers to ministers was considerably reduced. Some of this reduction was in response to government actions taken to deal with criticisms by CPC members; the departure of Voutas from the PM's office in late 1974 was a striking example of the power of the CPC radicals and the place of indigenization of senior public service positions within the idea of indigenous development.

National Goals which it recommended to follow from the Eight Aims were subsequently incorporated into the Constitution. The first goal, of the five recommended for inclusion, was 'Integral Human Development-Liberation and Fulfilment':

All activities of the state should be directed towards the personal liberation and fulfilment of every citizen, so that each man and woman will have the opportunity of improving himself or herself as a whole person and achieving integral human development.¹⁴⁹

Further, the CPC's members did not take:

development to be synonymous with material progress. For us the only authentic development is integral human development. This means that we use the term development to mean nothing less than the unending process of improvement of every man and woman as a whole person...integral human development must reach out and enrich Papua New Guineans in every part of the country.¹⁵⁰

The third outcome of particular relevance, alongside strengthening the government and cementing the ideological shift against accelerated development, was the Committee's role in checking separatism. This claim may appear to be at variance with the politics of key CPC members. Its most important members Momis and Kaputin continued to be associated with movements on the Gazelle Peninsula and Bougainville which variously espoused separatist and in the latter case secessionist sentiments.¹⁵¹ However through widespread consultation, and the dominant nationalist views of the CPC's membership, the committee's deliberations kept attention focused upon how the national state could be constructed to include – rather than exclude – representatives from all areas which had been part of the colonial territory. As Somare noted, despite his radicalism, CPC ideological leader Momis was above all a [PNG] nationalist.¹⁵²

The national state and the Somare government were strengthened by other means as well. A substantial rise in international copper prices, and the determination of government officials to renegotiate the agreement with RTZ/CRA/ Bougainville

149. CPC *Final Report* v.1, p.2/3

150. CPC *Final Report* v.1, p.2/3

151. Griffin 'Movements for Separation and Secession' distinguishes between the sentiments of separatism and secessionism, as well as the forms of opposition to the national government on the Gazelle Peninsula, Bougainville and Papua.

152. See Somare *Sana* p.99 for Somare's description of the CPC leader as a 'true nationalist'.

Copper Limited, secured a major increase in revenues at an especially critical moment.¹⁵³ The accession to power of the ALP in Australia and the willingness of the new PM Gough Whitlam to make a three year commitment on aid from 1974-75 further assisted planning.¹⁵⁴ Soon after Independence, an extensive frost in the main coffee growing areas of Brazil resulted in a very substantial price increase for PNG's major agricultural export which further boosted government revenues, commercial activity and grower incomes.

The CPC's linking of state activities, nation-wide comprehensive development and individuality may seem, at first sight, to have much in common with the earlier uniform development pushed so determinedly in the 1950s by the Hasluck-led colonial administration.¹⁵⁵ However beneath the change in the racial and national identities of those who held state power, from Australians to Papua New Guineans, a more fundamental shift was under way.

The shift expressed major changes in the character of state and class power. These changes ensured that beneath the superficial similarities there was little in common between uniform development and the development policy which characterized the first Somare government. This was largely because instead of being marginalised, as was a central objective of the initial post-war development policy, during the transition to independence the indigenous capitalist class gained a substantial hold on state power. This hold was utilised for commercial advantage and also to shape the post-colonial state, most notably in the establishment of provincial governments which could be utilised to open up further arenas for commercial operations. Political power exercised by and on behalf of indigenous capital became a major feature of representative politics. In turn, it became less

153. Somare *Sana* pp.121-122; Garnaut 'The Framework of Economic Policy Making' pp.193-195; see also Griffin 'Movements Towards Secession' pp.295-296; Downs *The Australian Trusteeship* pp.540-545.

154. Somare *Sana* p. 97; Whitlam *The Whitlam Government 1972-1975* Ringwood, Vic.: Penguin Books, 1985, pp.98-99. This commitment turned out to be less important when in November 1975 the Labor Government was dismissed by the Governor-General and the aid programme had to be renegotiated with the incoming Malcolm Fraser-led Coalition Government.

155. See, for one more instance, the CPC Report statement (p.2/3) 'No particular area or grouping of people should be developed at the expense of another, materially or in other ways. There should always be an equitable distribution and balanced sharing of all the benefits and opportunities the nation has to offer.'

possible for those who represented the leading commercial figures to claim that they were also acting on behalf of smallholders and other indigenes. The possibility that the government of the newly independent state could exercise trusteeship was diminished. Consideration of this political advance of indigenous capital and their allies shows in an especially clear manner the way the political economy of the pre-Independence phase differed from that of the late 1940s and 1950s.

Indigenous capital - class and state power

For a substantial part of the post-war period Australian officials, who were not themselves members of the capitalist class either in the metropole or the colony acted as trustees for the particular form(s) of development detailed in this thesis. Their ability to do so was enhanced by regulations which prevented straddling between state employment and private accumulation. Public officials were specifically barred from engaging in commercial activities, including farming and trading.¹⁵⁶ None of the Australian Ministers had any commercial interests in the colony, and only Barnes – Minister in the accelerated development period – could be regarded as having close ties with private businessmen who had operations in PNG. Ward and Hasluck were closely attached to the means and goals of late colonial trusteeship, particularly securing smallholder attachment to land. Especially during the 1950s, the Australian government's hold on state power had been highly centralized to ensure that international firms, expatriate owner-occupiers and the emerging indigenous bourgeois could not exercise unacceptable leverage against the colonial administration. Whether or not the colonial state of the Ward-Hasluck period conforms to the descriptions of a bureaucratic state or

156. There were expatriate state officials who, barred from this form of straddling, left senior positions to start or join existing commercial enterprises in PNG. George Greathead and Downs are just two. (For the case of Greathead, see Hasluck *A Time for Building* pp.119-120.) Australian public service regulations precluded officials from also engaging in commercial enterprises, although by the 1960s and early 1970s means of surmounting this barrier were regularly employed. C.Lesley Andrews *Business and Bureaucracy: A Study of Papua New Guinean Businessmen and the Policies of Business Development in Port Moresby* Research Bulletin No.59 Port Moresby and Canberra: New Guinea Research Unit, ANU, 1975, p.55 details the case of a Port Moresby steel furniture manufacturing business, in which of the five expatriates who floated the firm, several were public servants. In order to take up shares in the firm, the public servants were required to obtain the permission of the Administrator. Approval 'was granted only in view of the intention to foster indigenous participation'. In 1969, the leading expatriate promoter of the firm financed a seventy five per cent buyout by a Papua New Guinean, with the Development Bank taking a one quarter ownership share. Other expatriate state employees used spouses, relatives and friends to run private enterprises.

administrative colonialism,¹⁵⁷ neither of these characterisations adequately capture the principal objective of colonial rule, to bring development as the basis for self-government, nor the deliberate marginalising of particular forms of accumulation.

During the 1960s, while power was still exerted in a form of colonial trusteeship, accelerated development opened space for not only the well-known and obvious forms of international enterprise, including the Panguna mine, but other forms of commerce as well. While some of these commercial activities were a focus for the anti-colonial nationalist criticisms raised by Crocombe, Kaputin and others, important moves by indigenous capitalists and would-be capitalists were also occurring. The critics' attention to the clash between expatriates and indigenes over petty commerce (taxis, shops, hairdressing salons etc.) often indicated thwarted ambitions. At the same time, there was also a substantial shift of 'big men into major businessmen' to extend Ben Finney's description of what was occurring in the Eastern Highlands, around Goroka, to other parts of PNG.¹⁵⁸ As indigenisation of colonial administration employment occurred, legal and other barriers to straddling between state positions and private commercial activities were lowered.

Much of the political running against colonial rule was made by disgruntled civil servants, academics and would-be businessmen, including Mataungan leader Kaputin, who hoped to become owners of largeholdings and other commercial enterprises.¹⁵⁹ As expatriates in small and more substantial businesses departed,

157. Hawksley *ADMINISTRATIVE COLONIALISM*

158. The academic literature of the 1970s and 1980s is replete with studies which documented the growing presence from the 1960s at least of indigenous entrepreneurs. See, for example, Finney *Big-Men and Business Entrepreneurship and Economic Growth in the New Guinea Highlands* Honolulu: East-West Center, University of Hawaii, 1973, and works listed in Finney's Bibliography pp.189-199. See also Andrews *Business and Bureaucracy* for the establishment since the early 1960s of indigenous enterprises in the largest urban centre. In this literature, the pre-Independence presence of Papua New Guineans in commerce was widely acknowledged but in the confused descriptions of the period, including 'new elite', 'big peasants', 'rich peasants', 'middle peasants', '(educated) petty bourgeoisie', 'national bourgeoisie', 'rural capitalists', and 'rich rural classes'. For a lengthy list of the accounts which employ one or more of these characterizations, see Thompson and MacWilliam *The Political Economy of Papua New Guinea* pp.85-119, Chapter 3 'From Acquisition to Accumulation: The Formation of an Indigenous Class of Capital', esp.p.87, fn.4.

159. There is as yet no substantial colony or country-wide study of the formation and advance of an indigenous capitalist class, as has appeared for other former colonies which became nation-states, including Kenya and Nigeria. See Nicola Swainson *The Development of Corporate Capitalism in*

many indigenous politicians extended their commercial holdings. By the early 1970s, political leaders, as well as the main parties, Pangu, United Party and Peoples' Progress Party, represented indigenous commercial ambitions in a range of individual and corporate forms.¹⁶⁰ These ambitions had quickly out-grown their local origins. Papuan separatist leader Josephine Abaijah claimed 'New Guineans were taking over the indigenous business affairs of Port Moresby'.¹⁶¹

The principal arena for the initial advance of indigenous capital, however, was the countryside, in agriculture. The Tolai movement into largeholding cocoa growing, processing and trading, which began in the late 1940s, is documented in Chapter Six. A parallel advance also occurred in the central Highlands, where Papua New Guineans had extensive coffee plantings, and other enterprises. As a result of the major expansion of smallholder coffee production from the 1950s, processing and trading smallholder produce and household consumption goods, as well as growing other marketed crops provided a starting point for indigenous commercial operations. As a consequence of their earlier expansion, members of the

Kenya 1918-1977 London: Heinemann, 1980, esp. Ch.5; Tom Forrest *The Advance of African Capital: the Growth of Nigerian private enterprise* Edinburgh: Edinburgh University Press, 1994. Finney's mid-1986 follow-up study *Business Development in the Highlands of Papua New Guinea* Research Report Series No.6 Honolulu: Pacific Islands Development Program, East-West Center, 1987, p.1 notes the rapidity of the pre- and post-Independence advance of indigenes in Goroka commerce. See also Paula Brown 'New Men and Big Men: Emerging Social Stratification in the Third World, A Case Study from the New Guinea Highlands' *Ethnology* v.26, no.2, April 1987, pp.87-106; Thompson and MacWilliam *The Political Economy of Papua New Guinea* 'From Acquisition to Accumulation'; John Finch 'From proletarian to entrepreneur to big man: The story of Noya' *Oceania* v.68, no.2, December 1997, pp.123-133.

160. Two observations from the period will suffice to illustrate the conjunction of electoral – parliamentary politics and commerce: David Hegarty 'The Territory of Papua and New Guinea' *Australian Journal of Politics and History* v.18, no.2, August 1972, pp.295-296 notes regarding the number of candidates who contested the February-March election, that: 'The heaviest concentration of candidates occurred in the Highlands which may still reflect the persistent solidarity of the traditional clan-based political units in the region. It may also reflect, however, the emergence of a new entrepreneurial type or group in the Highlands which sees its economic success as being a basis for political support'. Hegarty also states (p.297) that '...close to 40 per cent of (the elected) MHAs are classified as businessmen (planters, traders, farmers, store-owners, etc), about 30 per cent as government officials (interpreters, clerks, senior officials) and about 17 per cent as school teachers'. The second instance is the late 1975 case in which 'the business arms of Pangu party (the leading party of the national coalition [government]) and of the United party (the only party on the opposition side) were jointly proposing to enter the lucrative field of motor car sales [a field dominated by subsidiaries of the major Australian South Pacific firms Burns Philp and W.R.Carpenter]'. James Griffin 'Papua New Guinea' *Australian Journal of Politics and History* v.22, no.1, 1976, pp.126-127 and Donald Denoon 'Papua New Guinea' *Australian Journal of Politics and History* v.22, no.3, 1976, p.437

161. Hegarty 'Papua New Guinea' *Australian Journal of Politics and History* v.19, no.3, December 1973, p.441

indigenous bourgeoisie and would-be bourgeoisie were anxious to takeover plantations being vacated by departing expatriate owner-occupiers and international firms. However the smallholder agricultural increases of the 1950s and 1960s also contributed to the land shortages and triggered clashes over the former expatriate-owned largeholdings.

If the unplanted land on many largeholdings attracted squatters and other indigenous households seeking to extend their holdings, by the 1960s and 1970s its existence often signalled that the expatriate owners and operators of the plantations were uncertain about their future. In 1974, during an especially torrid tussle over the need for compulsory acquisition of 'foreign-owned' plantations, Burns Philp as a major firm could package a substantial area of unplanted and under-utilised land as a political offering to the Somare government in exchange for a guarantee of continued ownership and operation of its profitable holdings.¹⁶² Other largeholding owners were not in as strong a position as Burns-Philp and were forced to adopt different strategies to sell entire properties as plantations.¹⁶³

An especially prominent form of indigenous business organisation established to facilitate the takeover of largeholdings was rural development corporations. Their formation had two principal purposes. The first was to ensure that previously expatriate owned and operated businesses continued as forms of centralised and concentrated property. This meant blocking the ambitions of smallholders and other indigenes for a form of redistribution which would have divided the assets of the departing settlers and small businessmen. The second purpose was to include households in the ownership of the plantations and other enterprises as shareholders. Instead of acquiring separate parcels of assets, including small blocks of land carved out of the plantation, shareholders were offered the prospect of increased consumption out of share dividends, if and when these eventuated.

162. MacWilliam 'International companies and nationalist politics in Papua New Guinea'

163. See MacWilliam 'Smallholder Production, the State and Land Tenure' pp.25-26 for a 1974 proposal by an expatriate coffee plantation owner that a District Investment Authority be established to fund the takeover and continued operation of largeholdings in the Highlands. Andrews *Business and Bureaucracy* documents the beginnings of the takeover of expatriate businesses during the early 1970s in Port Moresby and the provision of PNG Development Bank finance for the indigenous businessmen. She details the strategies employed by expatriates to secure their enterprises, including forms of joint venture, during the transfer to Papua New Guinean ownership.

Including indigenous smallholders as shareholders assisted in raising money for purchases, and made it easier to obtain loan funds. The development corporations also dampened smallholder dissent, holding out the possibility of higher levels of consumption funded by share dividends. Central to the formation and operation of many of these enterprises were powerful politicians, who could attract investors from among local populations and facilitate access to state resources.¹⁶⁴

While the development corporations were critical for fulfilling the ambitions of Papua New Guineans aiming to take over and maintain plantations, agricultural operations did not represent the extent of the indigenous bourgeoisie's ambitions. Members of this class moved into crop processing and export, transportation, trade, urban real estate and other areas of commerce. These moves were invariably connected with representatives of the class and its small business allies gaining political power. While some of the political advance took place through gaining representation on boards, state agencies which allocate licenses and finance, a more substantial basis involved restructuring the post-colonial state itself. An especially significant instance of major changes was the establishment of provincial governments, which in the most advanced provinces were quickly captured by leading indigenous businessmen and their political representatives.

164. The case of New Guinea Development Corporation, formed by Kaputin and claimed to be the first of this form of enterprise, is discussed in more detail in chapter 6 below. For some of the extensive literature on other firms which employed the development corporation and related templates, see Rolph Gerritsen *Aspects of the Political Evolution of Rural Papua New Guinea: Towards a Political Economy of the Terminal Peasantry* Canberra Marxist Discussion Group Seminar, 26th October 1975; Gerritsen *Groups, Classes and Peasant Politics in Ghana and Papua New Guinea* Ph.D. Thesis Canberra; ANU, 1979; Mike Donaldson *Class Formation in Papua New Guinea: The National Bourgeoisie* Paper Presented at the Sociological Association of Australia and New Zealand Conference, Canberra, July 1979, esp. pp.26-29; Donaldson and Kenneth Good *Class and Politics in the Eastern Highlands of Papua New Guinea* History of Agriculture Discussion Paper No.9 Waigani and Konedobu: University of Papua New Guinea and Department of Primary Industry, March 1978; Donaldson and Good 'The Eastern Highlands: Coffee and Class' in Denoon and Snowden *A time to plant and a time to uproot* pp.143-169, esp. pp.167-168; Good and Donaldson *The Development of Rural Capitalism in PNG: Coffee Production in the Eastern Highlands* Boroko: Institute of Papua New Guinea Studies, n.d.; Donaldson and Good *Articulated Agricultural Development* esp. pp.127-146 Ch.6 'Coffee Consolidation, the Development Corporations and the Rich Rural Classes'.

Provincial governments and indigenous capital

The end of colonial rule was accompanied by moves to decentralise administration at the district and local government levels.¹⁶⁵ The CPC provided an important policy direction for decentralisation. The CPC recommended a reduction in the power of the central administration through the establishment of political means by which citizens could participate in decision-making. According to Ghai and Regan, this was an attempt by the CPC to formulate a new 'paradigm of development', which was heavily influenced by '(e)vents in and demands for autonomy or secession by leaders from Bougainville...since the 1960s.'¹⁶⁶ While Ghai and Regan, and Conyers correctly identify the 'centrality of the Bougainville experience' for the decentralisation push and formation of provincial governments, neither of these accounts adequately explains what was critical about that 'experience' for late colonial and post-Independence development policy in PNG.

Decentralisation and the formation of provincial governments extended the means by which indigenous capitalists were able to combine class and state power to enlarge their opportunities for accumulation. The case of Bougainville was central because the establishment and operation of the Panguna mine, after and in addition to the well-established commercial agricultural base in the district, created more room for the local bourgeoisie. The willingness of the Bougainville bourgeoisie to play separatism in an aggressive secessionist form showed how rapidly the class was advancing and the extent of their ambitions. The creation of provincial governments became a seminal moment during which policy was pushed away from agrarian development as state revenues were captured to support the ambitions of indigenous capital.

Once established, provincial governments in many districts were led by local businessmen-politicians who pushed for the formation of business arms. While sometimes justified as a means for securing revenues which would permit the provision of public services, these businesses also made the takeover of

165. See Conyers *The Provincial Government Debate* Chapters 1-3; Ghai and Regan *The Law, Politics and Administration of Decentralisation in Papua New Guinea* Monograph No.30 Boroko: IASER, 1992, Chapter 1

166. *The Law, Politics and Administration of Decentralisation* p.16

plantations and other enterprises from departing expatriates possible.

Subsequently, after Independence, this form of public enterprise became a shell as the assets were transferred to private ownership.

Nevertheless, the formation of the Bougainville provincial government was distinct. This was because of the very substantial commercial development which had already taken place around the Panguna mine, and the popular opposition to its establishment which could be mobilised into a political movement. The reaction was driven by the immediate effects of the mine's establishment, including land alienation and rapid migration into the area from other parts of PNG.

Bougainvilleans who had previously eschewed working as plantation labourers found themselves in competition with, and in the presence of considerable numbers of people from other parts of PNG seeking wage employment in 'their district'. Specific events, including the 1974 deaths of two Bougainvilleans in a pay-back killing in the Highlands added to popular disaffection. The physical difference between black-skinned Bougainvilleans and 'red-skinned' Papua New Guineans, the distance of the district from the rest of PNG, especially Port Moresby, its proximity to Solomon Islands 'kin', and the failure of the colonial administration to 'bring development' to the district were used to provide further support for secessionist demands as a particularly aggressive form of separatism.¹⁶⁷

Secessionism became the means by which a section of indigenous capital gained a hold on and played a part in reconstructing state power to advance their accumulation. In particular, key members of the indigenous bourgeoisie held managerial positions in the Bougainville Development Corporation (BDC) while also occupying the most important elected and managerial offices in the provincial government. This linking of private and public office was used to strengthen their commercial position.

167. A detailed account of the formation of provincial governments, and the importance of Bougainvillean secessionist politics is provided in Conyers *The Provincial Government Debate*. For the Prime Minister's personal involvement, see Somare *Sana* esp. pp114-122. See, as well as the accounts cited above by Griffin, Denoon and others, Thompson and MacWilliam 'The Bougainville Rebellion' in *The Political Economy of Papua New Guinea* pp.14-48, Chapter 2.

Officially registered in 1975, the Development Corporation was established to carry out a business strategy framed the previous year.¹⁶⁸ The firm had the provincial government and the local diocese of the Roman Catholic Church holding 75% of the issued share capital. The provincial government's shares were held in the form of a royalty trust, indicating that the source of the funds was royalties from the mine. Over the next ten years BDC became the most important indigenous commercial entity on Bougainville. Until 1984, Hannett and his group also controlled the provincial government. Hannett was both company chairman and provincial premier. This close connection between political and economic power in what had become the most prosperous province in the country, provided a template for developments in other provinces, where provincial governments established business arms.¹⁶⁹

Phase 1 of the BDC's business strategy was to own and operate service industries around the Panguna mine.¹⁷⁰ BDC acquired the wet canteens at the mine. With a largely migratory male work-force, these were highly profitable. In the 1980s, the closure of the canteens in response to the changing drinking habits of a more permanent workforce reduced BDC's income and pushed it into other activities. These included forcing BCL to use lime from the BDC-owned mine, rather than CRA-RTZ's cheaper international sources. Phase 2 involved utilising this commercial base to move into plantation agriculture, smallholder cocoa marketing and exporting. In the third phase the firm extended operations beyond the North Solomons in shipping and manufacturing. In 1985-1986, while still espousing the

168. Thompson and MacWilliam 'From acquisition to accumulation' p.104 notes how in 1979, BDC's management pin-pointed 1974 as the year the strategy of the firm was first set.

169. Thomson and MacWilliam 'From Acquisition to Accumulation' p.118, fn. 80 provides a specific instance of the importance of the coupling of political and economic power in the personae of Hannett. On April 10, 1984, during a flight between Port Moresby and Arawa, a senior partner of an international commodity trading firm boasted to me that he was going to the North Solomons to sign a joint venture agreement with BDC. He was visibly impressed by the prospect of being met at the airport by "the Prime Minister [ie. Provincial Premier Hannett], who is also a shareholder in person".

170. James Griffin 'Papua New Guinea' *Australian Journal of Politics and History* v.21, no.3, December 1975, p.124 notes how rapidly the provisional provincial government, the major shareholder in the Bougainville Development Corporation, invested copper royalties in transport and commerce, including Bougainville Airways. Donald Denoon 'Papua New Guinea' *Australian Journal of Politics and History* v.22, no.3, December 1976, p.442, notes the March 1976 takeover of a nearby tourist resort frequented by highly paid mine workers, and the ambitions expressed by Leo Hannett, planning officer for the provincial government, that the firm "had the potential to grow into a multimillion kina enterprise".

firm's role in providing funds which could be utilised by the provincial government to provide services, directors privatised BDC by increasing its share capital and themselves acquiring the issued shares.¹⁷¹

The firm's formation and activities became an important indicator of just how extensive were the commercial ambitions of indigenous capital. BDC's operations were also an acknowledgement that commercial advance in post-Independence PNG required holding considerably more political power than had been permitted under colonial rule. By playing the politics of separatism to the limit, leading Bougainvilleans won substantial commercial benefits for the Development Corporation. The commercial opportunities provided by the enormous mine were critical for the ambitions of this section of the Bougainville bourgeoisie. But without political power there was no guarantee that the opportunities could be taken and rivals from other parts of PNG kept out, for the honey-pot of the giant mine had excited the ambitions of indigenous labour and capital alike across the country. The route taken by Bougainvilleans with commercial ambitions but politically marginal to remedy the latter changed the structure of the state.

As noted previously, at the 1972 national elections, radical student leader Leo Hannett had failed to win endorsement to run for a seat. Subsequently, his political marginalisation and the cooptation of leading Bougainvillean politicians Lapun, Momis and Mola into the central political and administrative machinery of the new government gave the impetus for the secessionist politics which were to be so important in reshaping late colonial and post-Independence state power. While cooptation of the most out-spoken of the younger generation who were using separatism as a political tactic became one of the important achievements of the first Somare government, this strategy was less successful in dealing with the ambitious Bougainvilleans, including Hannett, who had been marginalised.

171. BDC's post-Independence advance and subsequent decline following the 1988 revolt on Bougainville are charted in Thompson and MacWilliam *The Political Economy of Papua New Guinea* pp.103-109

In February 1973, Hannett had been appointed special adviser to PM Somare on Bougainville affairs. Dissatisfied with the pace of the move to district/provincial government, Hannett subsequently launched a public attack on the two Bougainvillean ministers in Somare's government, Lapun and Mola. Somare dismissed Hannett from the advisor's position. The latter proceeded to further develop his political base on Bougainville, with a continuous escalation of demands and threats. In January 1974, the first meeting of the Bougainville Constituent Assembly was held, with an appointed not elected membership. Five months later, Bougainville was provided with a special financial allocation by the national government in lieu of royalties from the mine. Hannett and another critic of the central government, Moses Havini became planner and executive officer of the newly established Provincial Government, with considerable power over the province's finances.

The government's handling of the CPC and its report included measures to reduce the powers of the proposed provincial governments. Specifically, the Somare government was concerned that 'the CPC proposals could result in an undue concentration of power at the provincial centre'.¹⁷² After a prolonged and often bitter tussle over the powers of provincial governments and their constitutional standing, a compromise was reached. Provincial governments gained power to make laws including on agriculture and rural development, business, rural and urban land use, and transport, providing these did not contravene national laws. However in giving constitutional and administrative effect to the compromise, through which provincial governments were removed from the Constitution but included under a special organic law, negotiations between the new Bougainvillean political leadership and the central government broke down.

At different times, both Somare and Hannett agreed that decentralisation provided the best prospects for national unity.¹⁷³ However by May 1975 Bougainvillean officials, including Hannett, were threatening that the province would secede from

172. Conyers *The Provincial Government Debate* p.45, citing PNG Government *Government paper: proposals on constitutional principles and explanatory notes* Port Moresby, August 1974

173. Conyers *The Provincial Government Debate* p.55; Somare *Sana* p.122

PNG. Demands for increased royalties and capital works funds continued to escalate, particularly after a renegotiation between BCL and the PNG government substantially lifted the royalties paid by the firm. On September 1, 1975, two weeks before PNG's Independence Day, the Bougainvilleans led by Hannett declared their independence. However this action did not prevent Bougainville being included in the territory of the nation which came into being at independence.¹⁷⁴ Instead the demands and threats secured an important and potentially powerful political and administrative structure in the new nation-state. While the North Solomons Provincial Government was the most developed initial form of this structure, similar arrangements followed for PNG's other remaining districts. These became eighteen provinces and a nineteenth administrative unit, the National Capital District which was created based on Port Moresby and its immediate surrounds. After Independence, indigenous businessmen – politicians held office in several provinces, particularly those most commercially advanced, including the Eastern Highlands.

Conclusion

By Independence, the phrase which had captured the essence of post-war colonial policy, 'the paramountcy of native interests' had acquired a distinctive meaning, becoming synonymous with indigenization and local ownership of commercial properties. As documented in Part II of this thesis, smallholder production of export crops had either become dominant or was gaining the ascendancy and would soon surpass largeholding production. The indigenous population had probably doubled, from about one and a quarter million in 1949 to over two and a half million at Independence, which suggested successful rehabilitation after the war and a subsequent improvement in living standards for many.¹⁷⁵ An indigenous

174. Conyers *The Provincial Government Debate* pp.55-64

175. From 1949 until 1970, the population figure increased in part simply by the extension of colonial authority to more areas and peoples. While the 1949 figure does not include people in the 'restricted areas', not completely under colonial rule, from the 1966 census a more comprehensive count begins to emerge. In 1966, the colony had a population of 2.12 million, which five years later had risen to 2.43 million. See M.Bathgate 'Basic composition of the population' in Economic and Social Commission for Asia and the Pacific and South Pacific Commission ed. *Population of Papua New Guinea* Country Monograph Series No. 7.2 New York and Noumea, United Nations and South Pacific Commission, 1982, pp.13-47.

government had come to power in a newly independent nation-state, fulfilling one of the central terms of Australia's trusteeship obligations.

The population increase, improved living standards, and the continued attachment of the majority of the population to smallholdings occurred under policies constructed in the name of agrarian development. The outcome appears to confirm not only the power of the idea of development but the capacity of the colonial administration to implement what was intended. Even if there were signs that the terms of the household occupation of smallholdings were shifting, with a rapid increase in some urban populations and unrest in the rural areas, 'village life' retained much that was attractive. Unsurprisingly, perhaps, conditions suggested considerable optimism was warranted about the government's capacity to continue to make development happen.¹⁷⁶

However, with the coming to power of Papua New Guineans who were major beneficiaries of the production increases and political reforms to hasten self-government, state power took on a schizophrenic character. Official planning and key government officials continued to applaud, and to try to strengthen means of maintaining the centrality of household production and village life.¹⁷⁷ Pushed by international advice and domestic aspirations, the national government was still intent upon keeping development centred upon rural areas, in accord with the National Aims.¹⁷⁸

176. Ron May 'From Promise to Crisis: a Political Economy of Papua New Guinea' http://epress.anu.edu.au/sspng/mobile_devices/ch.15.html captures the sense of optimism which pervaded governing and administrative circles at Independence.

177. H.K.Colebatch 'Policy-Making for Rural Development' in Ballard ed. *Policy-Making in a New State* p.257-279 documents one 'field of governmental activity – the Rural Improvement Programme (RIP) – whose proclaimed aim was to link central financial resources with local initiative in order to improve the way of life of rural people...The National Coalition government placed great stress on this programme, particularly in its early years in office, as a means of translating into action its concern for improving the lives of rural people (as opposed to what it saw as a narrow concern for economic growth).'

178. In 1974, under the direction of the National Planning Committee of Cabinet, the Central Planning Office prepared two documents. Under the general heading *Strategies for Nationhood* the documents *Programmes & Performances* and *Policies & Issues* were intended to give effect to the Eight Aims. This was to be done by relating items of departmental and other government expenditure specifically to the Aims. Both documents are testament to the continuing pull of these Aims and the idea of development, with its indigenous and rural focus, contained in the Aims. Thus: 'Development of a Papua New Guinean society also means increasing the capacity of village

On the other hand, accelerated development and the political reforms had given a major boost to the position of indigenous capital. This class's representatives sought to use their new found political power to reshape state power to extend its accumulation. While a series of political and commercial compromises made a temporary solution possible, nationalist euphoria disguised the contradictory ambitions of indigenous capital to accumulate and other classes and strata for increases in consumption.

In order to develop in more detail the general argument presented here, the thesis presents two case studies of particular commodities, rice and cocoa, which were central to agrarian development with its emphasis on smallholder production. Rice growing was intended to meet domestic demand, and cocoa production was aimed at international markets.

PART II

The Practice of Intentional Development: Two Case Studies

The scheme of smallholder agriculture, the centrepiece of the agrarian doctrine of development which informed late colonial policy for PNG, guided efforts to increase the output of produce for immediate household consumption and markets, local and international. The efforts were directed at a wide range of crops and livestock, including poultry, pigs and cattle. In selecting for closer study two crops, rice and cocoa, it is not suggested that these were the only focus of official attention, or that they represented the success and/or failure of intentional development. Indeed, as the previous chapters have shown, particularly during the 1950s the colonial administration's attention extended to growing many different crops and rearing a range of animals across the colony.

Rice and cocoa are considered here as exemplars of much that was intended and did occur. Both crops illustrates the relationship between spontaneous and intentional development, showing how the colonial administration tried to assert the latter in order to constrain what was seen as negative, or potentially so, in the former. The two case studies show in detail how local and international conditions affected outcomes and what could be attained through official policy and practices. In the immediate post-war years, international shortages of food initially favoured plantation rehabilitation despite what the colonial administration planned by way of smallholder predominance. These same shortages created room for indigenes with access to larger land holdings and the ability to mobilise labour to start expanding plantings of export crops.

Against this initial advance of largeholding agriculture, employing labour under wage and other terms, during the early to mid-1950s colonial administration efforts to make smallholders substantial producers took effect. However from the late 1950s, when the post-war shortages were over and international prices began to reflect the global increases of food crops, continuing to expand household production became more difficult. Raising household living standards by increases in smallholder production required shaping policy to deal with conditions the colonial administration had less ability to affect. Through the

examination of rice and cocoa production it is possible to demonstrate the extent of colonial administration efforts as well as the circumstances which shaped, constrained the effectiveness of official activities.

Chapter Five shows how substantial were the attempts to increase rice production, and their lack of success. Rather than minimizing efforts to increase the local production of rice in the interest of Australian producers and their export company, the colonial administration probably committed more resources in its attempts to secure colonial self-sufficiency in rice than were provided to coordinate and supervise growing of other crops. However against what was intended by one dimension of colonial policy, imports rather than local production of rice became central to improved welfare. At the same time, increased exports of copra, coffee and cocoa produced by smallholders satisfied other key objectives of the late colonial agrarian doctrine of development, including the aim of keeping households attached to the land.

Chapter Two indicated the immediate post-war moves to rehabilitate cocoa plantation production using Trinitario seeds and seedlings, as well as the first plantings by wealthy Tolai on the Gazelle Peninsula. In Chapter Six the further expansion from the uniform development phase until Independence is examined. Initially, administration efforts to promote and direct smallholder production were pronounced, including in areas of the colony beyond East New Britain where the first burst of indigenous plantings occurred. This distribution of effort and resources subsequently brought considerable success, particularly through the expansion of smallholder cocoa growing in Bougainville, later North Solomons.

The increases in cocoa output from smallholdings also created room for the growth of indigenous capital in processing and trading. The ambitions of members of this class to move into largeholding production and other areas of commerce, became central to late colonial politics. Redistribution of plantations and under-utilised land to provide the basis for a further extension of smallholding production and the resettlement of landless people came up against these ambitions. The resultant uncertainty over the future direction of agrarian development came to characterise the transition to independence,

particularly on the Gazelle Peninsula where cocoa had first become prominent as a smallholder crop.

Chapter Five Rice

Introduction

As already indicated in Chapter Two, since the 1920s attaining rice self-sufficiency in the colony had been an objective of authorities in Papua. This emphasis continued for fifteen years after World War II. During the uniform development phase of the 1950s, Minister Hasluck repeatedly stressed the centrality of rice production to plans for bringing development.

Despite the official attention and considerable commitment of resources, between 1946 and 1975 the gap between domestic production and consumption grew. In 1950/51, in the context of post-war international shortages and high prices, PNG consumption was approximately 13,100 tons, of which more than 12,700 tons was imported. While international supplies increased, and despite an intensified effort by the colonial administration, guided by the 1954 Rice Action Plan, by 1956/57 total consumption had reached nearly 18,000 tons, of which almost 17,000 tons was imported.¹ Between 1966 and 1975 PNG production was often less and never more than 2.7% of total consumption requirements. By Independence, about 55,000 tonnes were being consumed, with PNG production only providing about 1.5% of this total.² This chapter examines the considerable but ultimately unsuccessful efforts to close the gap, and the priority the colonial administration placed on smallholder production, particularly during the 1950s.

The account commences by showing how the conditions of rice production internationally changed over the thirty years after World War II. The first section of the chapter lays out how these changes acted to undermine attempts to increase production in PNG, at the same time as the increased availability of imported rice for domestic consumption lifted living standards for households, rural and urban. Wet, irrigated rice production by smallholder agriculture in countries of south-east Asia was also being challenged by irrigated production on medium to large farms in

1. NAA A452/1, 1958/1327 *Rice Action Pan-Papua and New Guinea* 22/1/58 Folio 68 'Figures and Notes on Rice Requested by the Minister at Folio 57'

2. Hale *Rice* p.47, Table 5.

industrial countries, including Australia. The international shift to industrial production resulted in an increase in the availability of rice for export, including from Australia, and held down prices, possibly even reduced them in real terms. The section shows how international as much as domestic conditions in PNG determined rice's contribution to development in the colony. Capital's external authority over development held for the production and consumption of this commodity, as well as more generally.³

The second section of this chapter discusses the first substantial official efforts from the late 1940s to increase rice production in the Mekeo area, about 120 kilometres north-west of Port Moresby. In the Mekeo the tensions between dry and wet rice production, family labour processes and industrial processes with mechanisation first became pronounced. Even including rice grown at Epo agricultural research station and on nearby expatriate owned and operated farms, the total area planted probably reached a peak of around 800 acres in the 1953-54 season. Despite continuing efforts to improve the Project, initiated by senior local officials,⁴ total plantings, did not ever exceed 1,000 acres before the Project finally folded in 1959.⁵

The early failure to increase rice production in the Mekeo despite the substantial application of resources also encouraged the colonial administration and the Minister to look elsewhere, particularly the Madang and Sepik districts, for more suitable circumstances in which to maintain the emphasis upon smallholder dry rice growing. The third section of the chapter considers how, from the early 1950s,

3. Cowen and Shenton *Doctrines* p.xv. For another instance of the relationship between metropolitan and PNG production, see Shand and Straatmans *Transition from Subsistence* p.100. The authors note that after an initial expansion during the 1950s, there was a subsequent reduction in peanut production for export in Maprik. 'In 1959 there was a record crop in Australia and prices [paid to PNG growers for peanuts sold to be exported] fell sharply ...Agricultural officers reported discouragement among growers who virtually ceased production for the export market after 1960. The small quantities subsequently produced were consumed by growers themselves or were sold in the small market in Maprik township.'

4. NAA A452/1, 1958/628 *Mekeo Rice Project P & NG* 'May 1954 Extract from Monthly Report of Territory of Papua and New Guinea'. For an enthusiastic and overly optimistic account of the future of the Project after some reforms to the Project had been initiated, see James McAuley 'Economic Development Among the Mekeo' *South Pacific* January-February 1956, pp.217-220

5. Jeffreys *The Mekeo Rice Project* pp.42-63 provides a more detailed account of the project's revitalization in 1953-54, a brief period of increased production and then subsequent decline until finally terminated in 1959.

colonial policy continued to give priority to dry rice growing even as the focus changed to other areas and populations. Extension services continued to focus upon rice, including research efforts to find the most suitable varieties and growing conditions, but without providing the degree of mechanisation which had facilitated cultivation in the Mekeo. While there was greater long-term success, especially in the Sepik with smallholder production for immediate consumption and local markets increasing into the 1960s, the changed focus did not bring total production any nearer to meeting the objective of colonial self-sufficiency. The section closes by noting that up until Independence, there were sporadic efforts to increase production, including in a few cases by households using irrigation, which never became substantial. This specific form of intentional development was unsuccessful, even as household occupation of smallholdings was maintained, living standards rose and the consumption of imported rice became more widespread.

Post-war Changes in International Production and Marketing

Post-war production and export of Australian rice is significant for any consideration of PNG's post-World War II reliance on rice imports for two main reasons. Firstly, the expansion of the rice industry in Australia closely followed the international template of industrial countries from which the export of rice increased substantially.⁶ The template adopted by these countries, irrigated rice grown on medium to large farms with mechanised production processes, lifted labour productivity and export volumes. Consequently rice became more readily available internationally so that prices, which had risen sharply after the war and peaked in the early 1950s, steadied and probably even fell in real terms until the early 1970s.⁷

6. See Khin San May *The Australian Rice Industry in Relation to the International Rice Trade and its Implications for Southeast Asian Rice Exporting Countries* Development Studies Centre MADE Research Series 5 Canberra: ANU, 1981, pp.15-22; and Julian Roche *The international rice trade* Cambridge, Eng.: Woodhead Publishing, 1992, pp.27-30 for a brief account of increased production and export of rice from the USA.

7. Alice C. Palacpac *World Rice Statistics* Manila: Department of Agricultural Economics, The International Rice Research Institute, April 1976, Table 28, p.58

Secondly, because consumers in PNG provided an important market for exports from Australia, the terms of post-war production in Australia were rapidly transmitted to and immediately affected efforts to produce more rice in the colony. PNG's imports of rice from Australia rose from around 7,000 tonnes in the late 1940s to 54,847 tonnes of Calrose, a medium grain protein enriched white rice in 1975-76.⁸ The greater availability of rice internationally also made possible higher living standards for PNG households, rural and urban, assisting to fulfil an imperative of colonial policy that indigenous welfare should be improved. As more and more rural households became consumers of rice, whether purchased with income gained from selling other crops or as immediately consumed 'subsistence' produce, the scheme of smallholder agriculture at the centrepiece of late colonial policy for PNG was strengthened. That is, when the terms of trade between rice and other sources of income were favourable toward rice, increased imports of rice from Australia did not reduce the capacity of smallholders to reproduce existence at higher levels of need. Household occupation of smallholdings was extended even if colonial self-sufficiency in this particular crop was undermined.⁹

The effect of the international shift in production conditions, with consequences for supply as well as prices, was increased within PNG by the use of imported rice at official Administration stations to feed government employees, prisoners and other associated people.¹⁰ In addition to the general effect which the Administration's use of imported rice had in setting prices for locally marketed rice, the terms under which many stations obtained imported rice supplies acted as a further disincentive to local rice growing. Prices paid by all Administration stations for their supplies

8. Hale *Rice* p.3. Paddy rice is harvested rice, with grains separated from stalks but with the husk remaining around each grain. Brown rice is rice from which the husk has been removed, while removing the pericarp and other fine parts from brown rice results in the production of white rice. Depending upon whether the rice is short or long grain, the proportion of the rice which is husk varies between 18 and 26%. An additional substantial reduction in weight and volume occurs in the transformation of brown rice into white rice. *Rice* p.6

9. For a comparable instance, with the crops of coffee and maize grown by smallholders in another country, see Michael Cowen 'Change in State Power, International Conditions and Peasant Producers; the case of Kenya' *The Journal of Development Studies* v.22, no.2, 1986, pp.355-384

10. Hasluck *A Time for Building* p.135 notes the disincentive effect for local production of increased supplies from Australia: 'It was easier both for the officers of the Administration and for the native people to get Australian rice by the ton in bags than to grow and process it. If an officer's main interest is in feeding people, tons of bagged rice in a shed are more convenient than a few hundred acres of untilled land capable of growing rice.'

were averaged to reduce the effect of transportation costs to the most remote areas, a practice which fitted with the 1950s uniform development policy. A Sepik station paid the same price for purchases of imported rice as was paid in Port Moresby. This practice further exaggerated the price advantage of imported rice and discouraged local growers who might have hoped to sell their produce to the Administration, invariably the most substantial user of rice in areas, including the Sepik, where there were few or no plantations needing to feed their labour forces.¹¹

Changes in Production Methods

Unlike the USA, from which there have been substantial exports of rice since the late seventeenth century,¹² exports from Australia only commenced in 1930. From the early 1920s, rice production in Australia had been supported by tariffs on imports – mainly from South-East Asia – and through the provision of irrigated water harvested, channelled and controlled through a state agency which charged growers for water at prices below long-term replacement cost.¹³ Supplying troops and allied civilians in the Asia-Pacific area during World War II gave a major boost to rice growing in NSW, initially the only producing state. From the late 1960s, climate and irrigation made possible double cropping, summer and winter, in the Burdekin River Basin near Townsville, northern Queensland.¹⁴ Exports quadrupled from the beginning of the 1960s, so that in 1976-77, total exports from Australia amounted to around 250,000 tonnes of rice, or about three percent of world exports.¹⁵

11. NAA A452/1, 1958/1327 *Rice Action Plan* 19/12/57 EJ Wood, Asst. Sec, Industry and Commerce to Minister, 'Rice-Papua and New Guinea' p.1. This was despite the policy adopted under the 1954 Rice Action Plan, at the recommendation of the Rice Development Advisory Committee, for the Administration to 'derive its supplies from local production wherever possible and wherever this can be done at prices competitive with overseas imports and, thereby, to provide a market which will assist local producers both European and native'. 26/7/1956 R.W. Wilson, Acting Administrator to Secretary, Department of Territories. A principal task of the Committee was to determine adjustments in prices paid locally for rice purchases, which meant movements downwards as well as upwards in line with the price of imported rice.

12. D.H.Grist *Rice* 6th edition London: Longmans, 1983, p.499 notes: 'Whereas before the war practically all exports were the produce of small farms in Asian developing countries, at the present time (1971) nearly half the exports derive from larger scale production units in developed countries'. Also cited in Roche *The international rice trade*, p.22. In 1967, exports from the USA surpassed those of the previous largest exporting country, Thailand.

13. On the levels of domestic protection, and other subsidies for Australian rice growers, see B.R. Davidson *Australia Wet Or Dry* Melbourne: Melbourne University Press, 1969

14. May *The Australian Rice Industry* Ch.3

15. May *The Australian Rice Industry* p.3 and Ch.3

Rice in Australia has been grown as wet rice, which if efficiently done with suitable strains generally reduces costs of watering, weeding, control of some pests and birds, fertilizing and harvesting.¹⁶ The wet, flooded or paddy-field method, by far the most common and utilised for over ninety per cent of rice growing throughout the world, is higher yielding than the dry or upland rice cultivation favoured by the colonial administration for PNG production.¹⁷ Significantly, after World War II the major areas of expanded industrial rice production which occurred in the USA, Australia and British Guiana each utilised irrigated methods.¹⁸ The wet method also makes possible a greater standardisation of the production process, extending the possibilities for mechanisation on larger holdings.¹⁹ Instead of the hand-sowing, weeding and harvesting methods employed by many small-holders in the principal rice growing areas of Asia, each stage of production became mechanised in post-war Australia. The enlarged scale of production in Australia combined with greater mechanisation made it possible to continually increase export volumes.

In 1951, Rice Growers' Co-operative Mills Ltd., a company owned by NSW rice farmers, was formed and from the 1960s held a monopoly position buying paddy from the Rice Marketing Board. The firm milled, packaged and sold the crop within Australia and overseas. Prior to 1973, the firm sold rice on a wholesale basis to the large Australian-based trading firms which dominated retail trade in PNG. After the 1972 elections which brought to power the PANGU-dominated Coalition government headed by Michael Somare, the Rice Growers' Co-operative Mills

16. On the principal rice growing area, the Murrumbidgee Irrigation Area, see http://www.mirrigration.com.au/AboutUS/Water_for_Life.htm. See also PNGNA A/N12, Box No.3,901, F/N 1-2-6(D) *Mekeo Rice Project* 31/12/52Cottrell-Dormer to Director DASF p.4-5.

17. The so-called 'Green Revolution' which commenced among Asian rice-growers in the 1960s, utilising new higher yielding strains of rice, was most successful where farmers 'were endowed with adequate irrigation facilities and who could afford to purchase the complementary inputs necessary to reach the yield potential of the new strains.' Edmund K Oasa *The International Rice Research Institute and the Green Revolution: A Case Study on the Politics of Agricultural Research* Unpublished PhD Thesis, University of Hawaii, Honolulu, 1981, p.2

18. NAA A518/1, AY 927/4, *Rice in British Colonial Territories*, Conference of Directors of Agriculture, September 1953 *Rice Production in the Colonial Territories* by Production and Marketing Department A, Colonial Office.

19. The Green Revolution too was associated with increased mechanisation: Oasa *The International Rice Research Institute and the Green Revolution* pp.29-35.

formed a marketing subsidiary, Rice Industries P/L to import and distribute rice in PNG.

In 1974, the PNG Government concluded a five-year agreement with the Rice Marketing Board of NSW and the Rice Growers' Co-operative Mills Ltd, under which the latter was assured of a minimum market of 45,000 tonnes per year. The PNG Government reserved the right to limit imports from NSW to 55,000 tonnes and seek any additional imports from other countries, although the Australian firm had first option to supply an equivalent or better quality rice at competitive prices.²⁰ While the price of the imported rice was set in Australian dollars and at the price prevailing when the agreement was signed, provision was made for 'price adjustments depending on world market prices and changing freight rates.'²¹ That is, while efforts were made to limit the effect of international fluctuations on prices received by Australian growers these attempts too were subject to price determinations from beyond Australia. As the Somare government took power in PNG, rice growing in the country faced not only competition from Australia growers but the further effect of wider international conditions upon the price of rice imported.

One further consequence of the agreement between the PNG government and the Australian-based rice marketing firm should be noted. A specific term of the contract provided for the PNG Government to acquire up to half the equity capital of the distributing subsidiary Rice Industries P/L. In June 1976, less than a year after Independence, the PNG Investment Corporation took a 26% shareholding in the firm. As a government-owned agency, the Investment Corporation's profitability was directly affected by the level and price of rice imports, a product which competed directly with efforts to expand domestic rice production, which for around six decades had been considered an important indicator of colonial, then national self-sufficiency.²² The tensions surrounding the meaning and conditions of self-

20 Hale *Rice* p.25

21 Hale *Rice* p.25

22 Hale *Rice* p.25, notes 'a possible conflict of interest with national rice production goals as a result of profit seeking investment' by the PNG Investment Corporation.

sufficiency in rice production and consumption continued to affect the newly independent nation-state.

With this information about the most important changes in international production and marketing conditions, it is now appropriate to return to the colonial administration's efforts to increase the production of rice in PNG. Colonial policy favoured dry upland rice using family labour processes with minimal mechanisation at the cultivation and harvesting stages. This meant that the costs of production were higher than for alternative crops and imported foods, including Australian grown rice. The alternatives, greater mechanisation of dry upland rice or producing wet rice utilising irrigated methods were regularly considered for the Mekeo and other areas of the colony. However these possibilities were invariably rejected as not fitting the wider scheme of smallholder agriculture which emphasised the importance of family labour processes.

The Mekeo Rice Project and colonial policy

After World War II there were efforts to increase rice production in many areas of the colony. Often led by indigenes who tied rice growing and marketing to other commercial activities and their political endeavours, these plantings were encouraged by the first moves of the administration to establish extension centres and activities. Despite the efforts, the absence of any major increase in local production across the late colonial period usually draws the criticism of insufficient commitment to development. Accordingly, it is necessary to look at what colonial policy attempted and its results.

In April 1952, the former Director of Agriculture who had resigned to concentrate his considerable energies on the Mekeo Project, as Regional Agricultural Officer, neatly summed up a central tension underlying colonial policy toward rice production in this area. The tension, as already suggested, was between the objective of increasing rice output by any means and growing rice in a manner that supported the scheme of smallholder agriculture with its associated purpose of improving indigenous living standards and maintaining community. In a memorandum for the new Director, Larry Dwyer, the RAO William Cottrell-Dormer

fulminated against the popular description of what was occurring in the Mekeo as a 'rice project'. Said Cottrell-Dormer:

...the project is a many-sided one....In fact it is an experiment in civilising a native people, and the lack of interest of other Departments, i.e. of practical interest, never ceases to astonish me. Merely growing rice will civilize no one – the past has already proved that.²³

Geography and Topography of the Mekeo

Hale neatly captures the remarkable attraction which rice growing in the Mekeo had across much of the colonial period. Flat plains instead of broken, mountainous terrain and proximity to Port Moresby encouraged attention. He states:

Overall there is the recurring theme that [in the Mekeo] rice can be easily grown because rice has been grown, and superficial examination(s) of the climate and terrain have not driven home the unpredictability of the rainfall.²⁴

Predictability of rainfall is possibly the single most important climatic condition necessary for dry or upland rice cultivation. Growing can only commence once there is sufficient moisture in the soil for land to be tilled and seed to be planted. Relatively shallow-rooted food crops, including rice require regular rain, but only sufficient to ensure that fields do not become water-logged during the growing season. Soils need to hold moisture content through this phase and then dry out as harvesting takes place. In 'good' seasons the north-west monsoons provide the Mekeo plains with rainfall approximately according to this pattern, falling from November-December until May-June. 'Bad' seasons frequently occur(ed) with late starts to rains, massive deluges and prolonged droughts alternating to severe effect. During the deluges, nearby rivers and streams overflow(ed) their banks, covering the surrounding countryside with water which could take some time to dry out sufficiently.²⁵ Roads and bridges were frequently washed away and land travel

23. PNGNA A/N 12, Box No.3,901, F/N 1-2-6 (D) *Mekeo Rice Project 4/4/1952 Development of Mekeo Project – Ways and Means*

24. Hale *Rice* pp.13-14. Jeffreys *The Mekeo Rice Project* p.156 also concludes that: 'Evidence supports the view that the "geographical" traits" of the Mekeo locality were not suitable for mechanized dry rice production'.

25 PNGNA A/N 12, Box Number 3,901, F/N 1-2-6(D) *Mekeo Rice Project 23/2/53* W.Cottrell-Dormer to Secretary, DET provides a more substantial description of the area, and emphasises the tendency to flooding for short periods, which could make irrigation possible.

became extremely difficult, if not impossible, for indigenes and expatriate officers alike.

Although there were minor experiments using irrigation at the agricultural research stations located near the main rice growing centres in the Mekeo, these had no substantial long-term effect upon rice output.²⁶ The most sophisticated industrial machinery which came to be employed for ground preparation, planting, harvesting and milling always operated within the uncertainty of local rainfall. Relatively short distances away there was no shortage of fresh water in the major water courses of the area but these were not utilised. In addition to the initial costs of constructing irrigation, the labour supply needed to maintain dams and channels, the absence of any irrigated agricultural tradition among the area's indigenous population ensured that colonial policy was based on the assumption that rice would be a dry land crop.

Rice Growing

Dry rice production in the Mekeo took two principal forms, the first involving indigenous growers, many of them with increasing state support. The second form involved more substantial plantings at the Epo Lowlands Agricultural Research Station, near Bereina, and two other administration controlled agricultural extension centres at Inauaia and Beipa. (There were also minor efforts by expatriate planters to grow rice commercially which proved unsuccessful.) In November 1950, the Melbourne *Herald* neatly encapsulated the scale of the plantings underway, emphasising the predominantly experimental nature of the

26. Mike Bourke's emphasis upon rice's significance in agricultural research conducted across the late colonial period has already been noted (see Chapter 2, p.83, fn.101). While Dr Bourke has subsequently indicated (Personal Communication 3/3/2009) that about three-quarters of the trials on rice were conducted during the 1960s and 1970s, after the Mekeo project ceased, rice breeding and selection trials to improve varieties began in the 1950-51 season under Cottrell-Dormer. These were expanded in the next year when the Bereina farm 'was converted into the Epo Agricultural Experiment Station and a full time agronomist appointed'. By 1952-53 there were 1,200 varieties and selections under 'rod row observation, a number in the seed increase plots and 19 under replicated trials'. Trials expanded further in 1953-54. See NAA A518/1, AR927/4 *Development. Papua & New Guinea. Rice-Research 1952-1956* 7/9/54 T.Sorensen Agronomist-in-Charge, Epo to DAS, Port Moresby 'Rice Improvement in Papua and New Guinea' Paper initially prepared for presentation in October 1953 by the Australian delegation to a meeting of the International Rice Commission held in Tokyo.

project 'Don't Expect Rice from N.G.-Yet'.²⁷ Five months later, the Administrator J.K. Murray reported to the Secretary, Department of External Territories, that there was approximately 220 acres of rice being grown at the research station, which contained around 2,300 acres, and a further eighty acres distributed among six villages.²⁸

In December 1951, the local *South Pacific Post* reported a 'Good Yield in First Mekeo Rice Season', from the crop planted at the end of 1950. 'A total of 105 tons were harvested in this first season of production and seventeen tons of this were absorbed locally. The crop yielded an average of 12 hundredweight per acre. Of the (eighty-eight tons of) rice which will come to Port Moresby, fifty three tons were produced by the Rural Progress Society and thirty five tons by the government station.'²⁹ However already in its early stages, the project was affected by the weather, for as the newspaper reported 'a further 180 acres specially planted for the Mt Lamington [volcanic eruption] relief was wiped out by floods'. The report ended with an optimistic prediction that in the next season 500 acres would be planted, yielding an anticipated 350 tons, half of it from the Epo/Bereina Research Station. As already indicated, optimism about the Project's long-term success turned out to be unwarranted, but even before the eventual collapse, the methods used to produce rice in the Mekeo had begun to turn away from the labour intensive form intended by colonial policy.

Labour Shortages and Mechanisation

Closer attention to the ANGAU war-time experience, in which labour shortages had to be dealt with through use of indentured labour and mechanisation of planting and harvesting (see Chapter Two), should have prepared the colonial administration for the recurrence of this difficulty. The total population of the principal rice growing area was only about 4,000 people, with around one half of these being involved in producing the crop at the peak. The proximity of Port

27. 21/11/50; cutting in NAA A518/1, G927/4, *Economic Development of the Territories*

28. NAA A518/1, C927/9, *Rice Mechanisation-Papua and New Guinea* 10/5/50 JK Murray, Administrator to J. Halligan, Secretary, Department of External Territories

29. 28/12/51; cutting in NAA A452/1, 1958/628, *Mekeo Rice Project*. It was not, however, the first season of post-war production, for rice had been grown commercially and experimentally for at least the two previous years on smaller acreages in the Mekeo.

Moresby's markets, for labour and food, exerted an increasing pull after the war and into the 1950s.³⁰ In an area known for the ready availability of locally grown food and other produce, the prospects for rice growing dependent upon family labour processes might have seemed slight. Add to this the preference for leisure over manual labour preparing soil, planting, weeding and harvesting which was a noted feature of male, especially young male, behaviour among the Mekeo,³¹ and the need for rapid mechanisation soon became apparent.

In his May 1950 summary of the project for the Secretary of the Department in Canberra, Administrator J.K.Murray had listed the principal machinery being used as five International Harvester Crawler tractors with attachments, ploughs and mowers, processing equipment including thresher/winnowers, hullers and polishers, rotary hoes, reapers, trucks and trailers as well as unspecified stationary engines, sawbench, dusters and pumps.³² The summary was to support the argument advanced by Murray one month earlier, that the Department of External Territories employ an agricultural engineer to survey and report on the 'valuable agricultural machinery...obtained...and in use' in the Mekeo project.³³ In June 1950, Mr A.J. Ashton, the manager of a NSW engineering company visited the Mekeo and subsequently presented his report.

Ashton commenced the report by criticising the capacity of much of the existing equipment, especially the tractors which he claimed were far too light and only suitable for the smaller indigenous holdings, rather than the more extensive plantings at the Epo/Bereina experimental station. He also claimed that harvesting methods were out of date, but acknowledged that the state of roads and tracks would make it difficult to transport a larger harvester to some of the small farms.³⁴

30. Epeli Hau-ofa *Mekeo: Inequality and ambivalence in a village society* Canberra: ANU Press, 1981, p.24; Jeffreys *The Mekeo Rice Project* Ch.1. McAuley 'Mechanization, Collectives and Native Agriculture', p.278 notes Cyril Belshaw's observation of 1951 that 'the return on rice does not so far offer an opportunity equivalent to work(ing) for wages in Port Moresby'.

31. See Jeffreys *The Mekeo Rice Project* Ch.1

32. NAA A518/1, C927/9 *Rice Mechanisation – Papua and New Guinea* 10/5/50 Murray to J.R.Halligan

33. NAA A518/1, C927/9 *Rice Mechanisation – Papua and New Guinea* 21/4/50 Murray to Secretary 'Mekeo Rice Project: Agricultural Equipment'

34. In mid-1951, when Ashton visited, harvesting of the crop was being completed. Only nineteen acres out of a total of 381 acres planted were non-mechanised, with 192 acres of indigenous crop

His report then provided an extensive list of recommended machinery purchases, including tractors, ploughs, harrows, graders, harvesters, trailers and mills,

Ashton's recommendations were favourably received by the Administration.³⁵ On August 23, 1950 Acting Administrator F.B. Phillips wrote to Canberra, advising of the success of Ashton's visit and the immediate ordering of five Australian made headers.³⁶ Ashton's recommended machinery, sheds and other buildings could mainly be supplied by manufacturers located in Australia, and only required Australian currency for their purchase. However one item, the 30HP International Harvester T6 Crawler tractors made in the USA recommended to replace the previously used John Deere wheeled tractors made in the UK, posed a special problem. The difficulty raised was how to pay for such major dollar items when sterling bloc countries, including Australia, were committed to limiting purchases requiring US dollars.³⁷ The resolution of this particular difficulty, which involved diverting US dollars from other uses, showed to what extent increasing mechanisation of rice production at Mekeo was agreed upon at the highest levels of the colonial government.³⁸ If, as has been claimed, Cottrell-Dormer did disagree with the ordering of heavier equipment, it would have been a fairly futile exercise to

mechanised and a further 170 acres of European controlled plantings, most of which were at the experimental station. NAA A518/1, C927/9 *Rice Mechanisation – Papua and New Guinea* AJ Ashton 'Rice Project at Bereina, Papua'

35. Bob McKillop has claimed that the subsequent large orders for mechanical equipment 'which resulted in heavy overcapitalization of the project' occurred while the DASF Director, soon to be RAO in charge of the Mekeo Rice Project, Cottrell-Dormer was absent on leave. He cites a personal communication of 19/12/75 from Cottrell-Dormer to support the claim. See 'A Brief History of Agricultural Extension' in Dick and McKillop *A Brief History of Agricultural Extension and Education in Papua New Guinea* p.21. McKillop does not provide any details of the subsequently ordered machinery which was unsuitable, according to Cottrell-Dormer. Nor have I found any evidence that at the time Cottrell-Dormer objected to Ashton's recommendations or their implementation. Instead there is Cottrell-Dormer's general support for 'full mechanisation' cited in Chapter Two, p.86, in his criticism of Spate.

36. NAA A518/1, C927/9 *Rice Mechanisation – Papua and New Guinea* 23/8/50 FB Phillips, Acting Administrator to Secretary, Department of External Territories 'Mekeo Rice Project'

37. At approximately the same time, a more opportunistic response to an international shortage of caterpillar treaded crawler tractors was being demonstrated in East Africa. Illustrating the reversibility of the adage, from swords into ploughshares, ex-Sherman tanks which had been converted into earth clearing machinery by British firm Vickers, and called Sherviks, were being auctioned in Nairobi, Kenya. Previously used for the failed Tanganyika groundnuts scheme, closed in late 1948, the Sherviks were bought by the Israelis and turned back into tanks, much to the disgust of the British government when the buyers became known. I am indebted to the late Mike Cowen (Personal Communication 24/7/1998) for drawing my attention to this further use of crawler machinery.

38. See also MacWilliam 'Fungibility in Fashion' forthcoming.

do so publicly.³⁹ Even if some within the Port Moresby based administration were cautious about lifting the level of machinery employed, at this early stage the view was widely held in PNG and Canberra that funds should be provided and no stone left unturned in the search for the means to buy expensive, superior equipment which could have multiple uses, including land clearance and road building. The commitment by Australian officials to attaining PNG self-sufficiency was predominant.

The extent of the mechanisation, pushed by the shortages of labour as well as climatic and topographical conditions, was such that in late 1953 the Agronomist-in-Charge of the Epo Experiment Station pronounced that as far as rice production in the Mekeo was concerned 'the impetus has...shifted from peasant to mechanised production'.⁴⁰ That is, when peasants were seen by the colonial administration as producers mainly for immediate consumption, utilising relatively undifferentiated family labour processes with hand-held tools, under the envisaged scheme of smallholder production households in the Mekeo were not peasants (see Chapter Introduction above). Instead household production of rice had become dependent upon the use of more and more sophisticated machinery, necessitating a more complex division of labour. This shift merely brought to the fore another dimension of the labour question. No less substantial than the insufficient supply of household labour, there were shortages of skilled drivers and mechanics to operate and repair the increasingly complex and sophisticated machinery. This problem arose when there were similar shortages elsewhere in the colony also formed a major barrier to increasing rice production.

39. Had Cottrell-Dormer been opposed to further mechanization, or even specific purchases of machinery recommended by Ashton, he could have been expected to be more supportive of a Treasury report into the Mekeo Project produced in October 1950. The Report anticipated the objection made public by McAuley two years later, that little labour was being provided by indigenes, and also that the scale of mechanization then being obtained for just one project could not be justified in terms of the Territory's over-all budget. Instead Cottrell-Dormer lashed not only the method employed by Treasury, conducting an investigation into the operation of a (his) Department without notifying or consulting DASf, but Treasury Sub-Accountant R.M. Duncan's conclusions as well. See PNGNA A/N 12, B/N 3,902, F/N 1-2-6 (R) *Administration Organization Divisional Report by Treasury Inspector Duncan on Mekeo Rice Project* 20/10/50 H.H. Reeve, Treasurer and Director of Finance to Administrator 'Mekeo Rice Project-Duncan Report', and Correspondence, including the surviving two pages of Cottrell-Dormer's letter to the Administrator on the Report.

40. NAA A518/1, AR927/4 *Development. Papua & New Guinea. Rice-Research* 7/9/54 T.Sorensen 'Rice Improvement in Papua and New Guinea'

Damage to Machinery

By the early 1950s, damage done to tractor engines and brakes by untrained drivers was compounded by the competing demands for mechanics, indigenous and expatriate, who could service and repair the newer forms of equipment. It was not unusual for expensive machinery to be out of action for months at crucial periods while waiting for parts and competent repairers.⁴¹

The fate of a TD9 crawler tractor, part of the DASF order which the Administration had provided to the Department of External Territories in January 1951 for supply from the USA and for use in the Mekeo is especially instructive. In mid-1952, the Department of Works took over the tractor for its own purposes. A joint inspection by a DASF area mechanic and a civil engineer from Works revealed that the tractor's engine needed a valve grind, top overhaul and replacement oversize piston rings. The hour meter on the engine indicated that it had only been running for 389 hours, when with 'normal operating conditions, it is rarely necessary to remove the cylinder head under 2,000 operating hours'. The DASF Area Mechanic speculated that the premature overhaul was necessary due to several factors. These included infrequent or no change of oil filters, the wrong lubricating oil being used, and/or a lack of care during the required running in period. The frequency of filter changes was related to their availability, or in this case, unavailability.

The master clutch, which under 'normal conditions' would not need adjusting before 480 hours running time, had been adjusted 'several times'. The Area Mechanic had only reconnected the steering brakes once it was known that the tractor was to be taken over by the Department of Works, and a skilled operator.⁴²

41. This point was made by DASF Director Cottrell-Dormer in his letters to the Administrator and Treasurer of October 1950, cited above, in response to the report of Inspector Duncan. It should be noted that shortage of parts was a particularly common problem in the colony which affected more than the Mekeo project. In the early 1951 Territory order for equipment, discussed above, the Department of Forests requested parts priced at £3,135 for 7 IH TD18 tractors. An internal memo [NAA A518/1,P927/2 PART 1 *Dollar Loan*] of 16/2/51 to the Minister for External Territories noted that: 'Great difficulty is experienced in obtaining spare parts for tractors. At present 6 out of 7 tractors allocated to Department of Forests are out of action for want of spare parts and work of the Department is seriously hampered.'

42. PNGNA A/N 12, Box No. 3,901, F/N 1-2-6(D) *Mekeo Rice Project* 5/8/52 Area Mechanic to RAO, Inauaia 'T.D.9 Bulldozer: Experimental Station, Epo'

Area Mechanic A.G. Donaldson added that he could not comment on the fact that the tractor's electrical system was inoperative, since it had been so upon his arrival. Having removed the generator and sent it to Port Moresby for repairs, its return was still awaited. Donaldson concluded that:

...it cannot be too highly stressed that without the supply of these essential spare parts, within a reasonable time, this machine will be, as are the majority of prime movers in this area, prematurely unserviceable.⁴³

When one skilled European operative walked out and refused to return because of the state of his accommodation, the lack of attention to equipment maintenance when he was recently on leave, and the inadequate facilities for housing and maintaining equipment, the project threatened to lurch to a halt.⁴⁴ With such difficulties, and a limited amount of rice grown despite considerable expenditure, the colonial government was easily persuaded that an external consultant should be employed to advise on rice growing in the colony, with specific reference to the Mekeo project.

The Attraction of Irrigation

While the difficulties of dry, upland, rice growing by indigenous smallholders were being so precisely exposed, attempts to encourage largeholding growing of rice by Europeans in the Mekeo also failed. With irrigated production in industrialised largeholding forms becoming more important internationally, the possibility of introducing irrigated production to PNG and the Mekeo was also gaining attention. In the early 1950s as post-war enthusiasm for indigenous dry upland rice production faced the reality of declining output, the alternative of irrigated production continued to germinate in the minds of key figures, including Cottrell-Dormer. In December 1952 and early 1953, he visited the Murrumbidgee Irrigation

43. PNGNA A/N 12, Box No. 3,901; F/N 1-2-6(D) *Mekeo Rice Project* 5/8/52 Area Mechanic to RAO, Inauaia 'T.D.9 Bulldozer: Experimental Station, Epo'

44. PNGNA AN 12, Box No. 3,901, F/N 1-2-6(D) *Mekeo Rice Project* 16/7/51 W Cottrell-Dormer to Director, DASF 'Mekeo Rice Project: Care of Equipment' details the case and ends with the plea: 'We are about to undertake a 300 acre planting programme at Epo and some 500 to 600 acres in other parts of the area. All of the tractors need normal overhaul and maintenance and will deteriorate if this is not done. If our own department cannot provide an officer who is prepared to wait until better housing can be made available, could [Department of Works and Housing] provide someone? I most seriously insist that a qualified man is essential to continued activity in the Mekeo.'

Area and other rice growing areas in Australia. He held talks with various officials, including in Canberra. He also spoke with Walter Poggendorff, of the Division of Plant Industry, New South Wales Department of Agriculture, an authority on rice and especially the irrigated production method employed in Australia.

An immediate outcome of his visit to Australia was that Cottrell-Dormer urged a major shift to irrigated production.⁴⁵ As Treasury officers in Port Moresby continued to object to the costs of the Mekeo project and the disproportionate share of the budget allocated to activities which were producing so little rice,⁴⁶ Cottrell-Dormer made a pitch for the utilisation of another form of mechanised production to enable the growing of irrigated rice. To make this possible, when rainfall was generally unreliable but the nearby St Joseph River flowed continuously, Cottrell-Dormer proposed building:

...a diversion weir...to raise the river level...to a sufficient height to supply irrigation water into two main canals (which) would be tapped where required to irrigate rice and other crops by gravitation. In addition the weir might provide a sufficient head to develop electric power for domestic purposes.⁴⁷

Support for the direction being urged by Cottrell-Dormer was soon to be expressed publicly by Poggendorff, who had been appointed in mid-1952 to conduct a review of rice production in PNG. Prior to Cottrell-Dormer's visit to Canberra, Poggendorff had travelled to PNG and toured several rice growing areas but not Bougainville. His visit was intended to and did concentrate heavily on the Mekeo.⁴⁸

45 PNGNA A/N 12, Box No. 3,901, F/N1-2-6(D) *Mekeo Rice Project* 23/2/53 Cottrell-Dormer to Lambert, p.1.

46 PNGNA A/N 12, Box No. 3,901, F/N1-2-6(D) *Mekeo Rice Project* 30/7/52 Director, DASF to H.H.Reeves, Treasury

47 PNGNA AN 12, Box No. 3,901, F/N1-2-6(D) *Mekeo Rice Project* 23/2/53 Cottrell-Dormer to Lambert, p.3

48 Connell *Taim bilong mani* pp.81-82 is highly critical of Bougainville's omission from the consultant's itinerary, as a further instance of Administration neglect of the district. He states: 'Bougainville, and especially south Bougainville, was always remote from administration interest and concern. Thus in 1952 when the administration were making concerted attempts to develop rice farming in Papua and New Guinea a team of experts visited twelve different areas in the country, including some like Kavieng and Mount Hagen where no rice was grown (and even the area around Honiara in the Solomon Islands), without even mentioning the relatively substantial developments in Bougainville.'

Poggendorff's 46 page report was presented to the Department of Territories later in the year and published in 1953. The irrigated rice specialist had been requested to investigate the development of commercial production 'on an economic basis', and 'the development of self-sufficiency production by natives'. Unsurprisingly, his report came down heavily against the latter. Remarking on the 'complete absence of flooded ("sawah") swamp or lowland rice culture' in the Territory, he began the report by arguing that while Indigenous production of dry rice could be one source of food:

...it is flooded rice culture that must be looked to to make adequate use of the vast areas of land in the Territory either seasonally flooded or capable of being flooded...The eventual means of really large-scale commercial rice production in the Territory must inevitably be fully mechanised flooded culture on the Australian and American system.⁴⁹

Furthermore, when there were still world-wide shortages, the object of this expanded production would be exports of surpluses beyond the rice required for colonial self-sufficiency. This expansion would be possible utilising:

...the vast resources of land and water represented by the effectively untouched Ramu-Sepik river system, the Papuan coastal plains and the vast Western District ...for flooded rice culture.⁵⁰

In October 1952, prior to the printing of Poggendorff's report, the Minister issued a press statement expressing his 'deep appreciation to Mr Poggendorff for the valuable report'.⁵¹ However in the final paragraph of the statement, Minister Hasluck rejected the possibility that the Administration would devote any resources to trying to increase large-scale flooded rice growing for export production. He concluded:

The first goal must be to make the Territory self-sufficient in rice, at the same time expanding local consumption as part of general measures to raise nutritional standards. The second and more remote stage [my emphasis] would be the production of rice for export to meet the great demands of countries to the north.⁵²

49 W.Poggendorff *Rice Production in Papua and New Guinea* Canberra, Department of Territories, 1953, p.6

50. *Rice Production in Papua and New Guinea* p.46.

51. Hasluck *A Time for Building* p.134 describes Poggendorff's report as 'a basic document in the post-war history of agriculture in Papua and New Guinea'

52. NAA A518/1, AQ927/4, *Development. Papua & New Guinea. Rice Production-W Poggendorff-Printing of-*, 13/10/52 Press release 'Rice production in Papua and New Guinea'

Unfortunately for both Cottrell-Dormer and Poggendorff, their vision of the future represented almost the antithesis of the position which Territories Minister Hasluck was in the process of formulating for rice production.

The thesis now turns to examining what Hasluck intended and how his view of what should occur by way of increased rice production was shaped. In particular it will be shown that while the Minister placed ever greater emphasis upon administrative action to lift smallholder growing of dry upland rice, Hasluck was also committed to greater attention being given to rice growing in the Madang and Sepik areas. Promoting smallholder growing of rice in the north-east and north of the colony, areas which were less central to previous agricultural growth, also fitted Hasluck's emphasis upon the comprehensiveness of uniform development across PNG. However how he came to give such importance to these areas also illustrates the extent to which the Minister's direct experience of conditions in PNG played in shaping policy. While the failure to substantially expand production in the Mekeo had some influence on what subsequently occurred, including the formulation of the first Rice Action Plan in 1954, there were more important factors at work.

The Shift to the North

A central feature of Hasluck's behaviour was a continuous willingness to respond to the empirical conditions which he encountered either directly or through advice received. During the second half of 1951, as the Minister found his feet at the head of a department not noted for its vitality,⁵³ there was considerable concern in Canberra and Port Moresby at the failure to increase food production, including rice, in the Territory. Simultaneously, the first and most concentrated attempt to raise rice production in the colony, the Mekeo Project, was making only hesitant progress despite the devotion of substantial resources to mechanisation. Few pictures could have appealed less to the new Minister than the stagnation of indigenous production and the emphasis upon highly mechanised Administration-dependent production which had become dominant in the Mekeo.

53. Hasluck *a Time for Building* pp.7-10

Although Hasluck concurred with the mid-1952 appointment of NSW rice authority Poggendorff to review rice production, his experiences in PNG ensured that he could assess any recommendations from a more informed vantage point. In late April 1952, Hasluck made a second visit to the colony. On the first trip, from July 26 to August 8, 1951 he had mainly been to major commercial and administrative centres, including Port Moresby, Lae, Rabaul, Goroka and Wau. The second visit concentrated upon the north coast westward from Lae to the Dutch border. He toured the Sepik, Ramu and Markham valleys, as well as the Garaina agricultural station, south-east of Lae.

In a press statement following the trip, the Minister conceded that village rice production alone could not meet the Territory's domestic requirements. Thus he was 'looking to the individual settler and to the big plantation companies for a substantial contribution of capital, enterprise and work to increase [rice] production'.⁵⁴ Nevertheless, the press release left no doubt that what had really caught Hasluck's attention was the expansion already underway in smallholder agriculture, as well as what seemed to be its potential for further growth.

The Minister said he was greatly impressed by the way in which the villages, under encouragement from and with the assistance of officers of the administration, were becoming interested in the planting of new crops, particularly rice, and with the use of new implements and processing machines. In the Sepik and Madang district(s) the biggest immediate increase in production of foodstuffs would come from the efforts of the natives... Rice production in native villages for local use could expand over the next few years from a few hundred tons a year to some thousands of tons.⁵⁵

54. NAA M338/1, 3, *Visit to New Guinea, April 1952*, 29/4/52 'New Guinea-Ministerial Visit. Statement by the Minister for Territories, Mr. Paul Hasluck'. On April 22, at the beginning of the visit, Hasluck had given an additional twist to the role he expected from increased largeholding production of locally consumed food. He told three Europeans, members of the Madang Advisory Council, that he was most anxious to see mono-crop coconut plantations diversify by planting other crops. In particular, said the Minister: 'Plantation costs could be reduced by local production of rice and meat.' NAA M338/1, 3, *Visit to New Guinea, April 1952*, Report of 22/4/52 Meeting.

55. NAA M338/1, 3, *Visit to New Guinea, April 1952*, 29/4/52 'New Guinea-Ministerial Visit. Statement by the Minister for Territories, Mr. Paul Hasluck'. Nearly twenty five years later, in his autobiographical *A Time for Building*, pp.133-134 Hasluck would again stress the effect upon him of this visit to Madang and the Sepik.

Within days of his return the Minister issued a directive to the Department, with a request that it also be sent to Port Moresby so that there could be joint preparation of a project 'that could be pushed ahead vigorously and urgently.' He urged immediate attention by the Administration to a 'special project of expanding village rice production to some thousands of tons in the Madang and Sepik districts (and any other district if prospects are equally favourable) within the next three or four years'.

Most importantly, Hasluck directed that the expansion occur through an increased Administration presence, including 'extension officers of the right type to work in conjunction with District Service officers in encouraging, instructing and supervising village rice production'. The presence could be expanded, without transgressing the Minister's particular antipathy toward co-operatives, since there was not:

any great necessity for organizing village co-operatives on any elaborate scale as the natives already seem to be capable both of engaging in rice growing and rice selling as individuals and of co-operating as village communities in the purchase and operation of mills.⁵⁶

Hasluck was not alone in his enthusiasm for the agricultural potential of smallholders in the Sepik and Madang Districts. Production increases already underway also fuelled the enthusiasm of important local officials. However as was the case throughout Hasluck's tenure, Administration personnel were unable to satisfy the Minister's demands for the rapid provision of all possible supervision and assistance in order to increase rice production. This was particularly the case for the new Director of Agriculture, Stock and Fisheries, R.E.P. (Larry) Dwyer, promoted from acting director in September 1952. Dwyer had lengthy colony-wide experience, favoured smallholder expansion including in dry land rice but almost immediately faced a Minister determined to increase rice production more rapidly.⁵⁷

56. Hasluck *A Time for Building*, pp.133-134

57. Hasluck *A Time for Building*, p.132 describes the circumstances of Dwyer's appointment on September 10, 1952 as DASF Director. The promotion occurred after a lengthy period as acting Director following Cottrell-Dormer's resignation from the position in 1950. Hasluck also devotes a paragraph to his assessment of Dwyer. While recognising his 'considerable technical knowledge' Hasluck noted that Dwyer 'was very weak in expressing himself and in directing others...His appointment was made with a recognition that he would need a great deal of support from time to time in developing action plans.'

Hasluck soon left the newly appointed official in no doubt about the direction to be followed.

Planning for Rapid Expansion

In October, 1952, soon after becoming Director of DASF, Dwyer sent a lengthy memorandum to the Administration Secretary, Port Moresby, which he described as an 'action document'. In the memo Dwyer emphasised the importance of DASF action.⁵⁸ He claimed that through the 1946 and 1947 establishment of agricultural stations at Madang, Wewak and Aitape, where experimental crops of rice were grown, and later patrolling by District Service officers who distributed seed and encouraged rice growing, there was 'a wide extension of small village plots'. However these were initially 'largely a curiosity and natives generally showed little interest in hand preparation of their harvest'.⁵⁹

As had happened in the Mekeo, the introduction of forms of mechanisation, which reduced the labour time necessary to perform elementary tasks, began to change attitudes in favour of rice production according to Dwyer.

It was during [1948 and 1949] that the machinery was put in motion for the establishment of milling centres and the conclusion of the necessary financial and staffing arrangements, which have subsequently resulted in the successful Amele and Dagua projects and their various off-shoots. The first rice to be milled by power apparatus in the actual village was produced at Amele early in 1951 after a Cadet Agricultural Officer of the Department had spent some 6 months there organising the planting of village rice gardens and the construction of housing and storage facilities for the mill plant which was subsequently installed with the assistance of this Department's only mechanic, who was especially detailed for this purpose.⁶⁰

The process employed at Amele and Dagua was subsequently extended to Aitape and Bainyik stations.

58. NAA Department of Territories A518/1, AM927/4 *Development of the Territories - Agricultural Village Rice Production* 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice Production. Madang and Sepik Districts.'

59. 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice Production. Madang and Sepik Districts.', p.2

60. 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice Production. Madang and Sepik Districts.', p.2

However the forms of mechanisation bore little resemblance to those utilised on the Mekeo project, being primarily limited to providing elementary processing in villages where small five to fourteen horsepower engines were available. DASF officials were anxious to check the introduction of machinery for clearing, soil preparation and planting. This was because:

(T)he bulk of the native population is centred in hilly or mountainous country with a high proportion of steep slopes and we are completely uncertain of the effect that any degree of machine cultivation would have in this country under the environmental conditions which prevail. It is felt that we should deal thoroughly with the mechanisation of the processing phase before worrying about the mechanisation of cultivation at all. The difficult land involved has held up quite well under the light usage given by the natives in their bush fallow rotation system.⁶¹

But it was more than the terrain and soil types which restrained mechanisation. For while Dwyer and DASF could find areas of land and some people for whom light cultivating equipment was suitable, the greater concern was the uncertainty of the demonstration effect. As the Director indicated:

The question which has to be asked is, would the sight of this sort of unit working here, discourage nearby hill and mountain dwellers pressing ahead with their cultivation which, for the time being, at least, must perforce be by hand. This matter has already been discussed with Simogun of Dagua, who can see the difficulty.⁶²

Mechanisation was instead to be reserved for the lightly populated but extensive Sepik valley plains where future European development was being proposed. Here heavier tractors and ploughs, and possibly even managed irrigation could be considered. The DASF Director also proposed caution and further experimentation with the rice strains to be distributed.⁶³ He urged further investigation before recommending specific varieties to growers.

Dwyer's cautious and modest proposal involved a further increase in the year's budget for expenditure totalling £35,400. Over five years, the DASF establishment for the project was to be increased from six to twenty nine extension and scientific

61. 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice Production. Madang and Sepik Districts.', p.2

62. 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice Production. Madang and Sepik Districts.', p.3

63. 21/10/52 REP Dwyer to Government Secretary, Port Moresby 'Native Agriculture-Village Rice production. Madang and Sepik Districts.' p.3

officers, including three members of a land use survey team. Six 'regular construction' houses and seventeen of 'native construction' would be required, as well as seven motor vehicles. Roads and bridges would need to be constructed and extended. Total expenditure, including recurrent, capital and recoverable, of machinery and tools to be sold to indigenes, with the money repaid later, amounted to nearly £170,000.

The fourteen page proposal was forwarded to Canberra with a brief covering letter from the Acting Administrator Cleland. Cleland commended the proposals and requested the Territories' Secretary 'to lay the papers before the Minister for his approval in principle of the scheme'.⁶⁴ Upon receipt of the Department's summary of the Dwyer proposal and the recommendation to 'approve in principle' with minor reservations,⁶⁵ Hasluck exploded. While approving the project for the further encouragement of village rice growing in Madang and Sepik, Hasluck made no secret of his belief that vigour was exactly what he felt was missing. In accepting departmental advice, to reject Dwyer's suggestion that a research station be established at Marui, where trials could be conducted 'in the mechanised management of the Sepik Plain soils...and (to) test the possibility of growing flooded rice under these conditions', Hasluck confirmed his predilections. The Minister emphasised that: 'This task [of expanding upland dry rice production] is mainly a task of agricultural extension and encouragement of native enterprise.'⁶⁶

Dwyer had tried to hedge, between his own preference to concentrate upon indigenous dry rice growing and Poggendorff's recommendation to expand research on wet rice production. As a result, he found himself the object of the Minister's antipathy to the development of mechanised, largeholding irrigated production. In short, there was to be no Mekeo project on the northern, New

64. NAA Department of Territories A518/1, AM927/4 *Development of the Territories-Agricultural Village Rice Production* 12/11/52 Acting Administrator to Secretary, Department of Territories 'Native Agriculture: Village Rice Production-Madang and Sepik Districts'

65. NAA Department of Territories A518/1, AM927/4 *Development of the Territories-Agricultural Village Rice Production* 4/12/52 JE Willoughby, Assistant Secretary, Industries and Commerce to the Minister 'Native Village Rice Production-Expansion in Madang and Sepik Districts of New Guinea'

66. It needs to be re-emphasised that by native enterprise, Hasluck principally meant smallholders employing family labour processes to increase production rather than indigenous employers of wage labour. See also Wright *State Practice and Rural Smallholder Production*.

Guinea side of the colony, a conclusion which fitted Dwyer's own beliefs on how to proceed.

However the newly appointed Director of DASF also had erred in proposing a modest project, whereas the Minister was trying to get the Territory Administration to shape a more substantial plan. Following his April visit, and the subsequent May 5 letter noted above, Hasluck had been closely watching the effect of his directive. The Department of Territories had been pressing Port Moresby officials to ensure that extension activities received the full support of the Department of District Services and Native Affairs, and not just DASF. The former was required to 'play a full part in the encouragement of development of native rice production',⁶⁷ development which was to take place in as much of the colony as possible.

The First Rice Action Plan Ignored

The initial Rice Action Plan for the entire colony took another eighteen months after the presentation of Poggendorff's report to design. It was approved on June 30, 1954, and was the forerunner for other crop Action Plans (see Chapter Six for the case of cocoa). The Plan, which bore all the hall-marks of Poggendorff's recommendation to prioritise commercial production and encourage irrigated, wet rice production, had little effect. The proposed direction, including the priority the Plan gave to irrigated wet rice growing and the Mekeo area, was soon marginalised. Instead the Madang and Sepik areas, plus other smaller rice growing and processing projects around the colony were given priority.

If the development of the first Plan was in part a consequence of the Minister's demands for urgent action, conveyed to local officials in unmistakeable language, the response to the Plan in Canberra and PNG showed exactly how little colonial policy was influenced by Poggendorff's recommendations to prioritise irrigated

67. NAA Department of Territories A518/1, AM927/4 *Development of the Territories-Agricultural Village Rice Production* 4/12/52 JE Willoughby, Assistant Secretary, Industries and Commerce section to the Minister 'Native Village Rice Production-Expansion in Madang and Sepik Districts of New Guinea'

production.⁶⁸ Instead of efforts to stimulate irrigated production, the Minister's preference, which was supported by local officials, prevailed.

For a year or so after the formulation of Dwyer's proposal of late 1952 to commit further resources to rice growing in the Madang and Sepik Districts, there were encouraging signs hinting at possible success. As Hasluck noted optimistically in a press statement of March 1954, after approximately one year of the rice project in the two districts:

Over 300 villages in the Madang and Sepik districts, comprising approximately 25,000 natives were brought under the project last year and it is planned to include an additional 112 villages this year. These natives produced about 450 tons of milled rice last year. The estimated production for the current year is 815 tons.⁶⁹

In a relatively short period, including the first year of operation of the Rice Action Plan which had down-played their importance, the two districts came to dominate rice production in the colony. As the Administrator's report provided to Canberra in November 1955 noted, of a year marked by floods and drought in various parts of the colony:

Total rice production was estimated at between 1200 to 1500 tons. Of this 200 tons from the Sepik, 300 from Madang, 40 from Morobe and 30 from the Mekeo district were sold on the open market. The remainder of the native crop was consumed in the villages.⁷⁰

Drought had especially severe effects upon European rice growing in the Markham valley, Morobe District where twelve planters 'put in 617 acres during the year and produced 187 tons of rice'.⁷¹ That is, inclusive of large-holding production, smallholdings in Madang and Sepik districts were the most important producers of

68. Cf. Hale *Rice* p.40 correctly captures the optimistic tone of Poggendorff's report, which matched the enthusiasm of many Administration officials, as well as its importance for the first Rice Action Plan. However Hale misses how marginal this Plan, and thus the direction proposed by Poggendorff was in subsequent developments because of near-unanimity between the Minister and the most important senior officials in PNG that dry upland village rice production was to receive greatest priority.

69. NAA Department of Territories A518/1, AM927/4 *Development of the Territories-Agricultural Village Rice Production* 18/3/54 Press Statement 'Rice in New Guinea Villages. Statement by Minister for Territories-Mr.Paul Hasluck'

70. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea* 3/11/55 DM Cleland, Administrator to Secretary, Department of Territories 'Rice Action Plan'

71. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea* 3/11/55 DM Cleland, Administrator to Secretary, Department of Territories 'Rice Action Plan'

marketed and also almost certainly of non-marketed rice in the colony. Further, this primacy appeared to have arisen precisely because of the successful coupling of smallholder production and state supervision which the minister advocated.⁷²

However a closer examination of three reports on the native village rice project in the two districts, prepared for the period from 1954 to 1956, should have led to a less optimistic conclusion. While at first sight an increasing number of households in more villages were being contacted by project officers, also more in number, other changes were underway which would check and then undercut rice growing. DASF had concluded in its second annual report that while:

The original proposal provided for about 4,000 tons of rice to be produced per annum in five years, [that is by the beginning of 1958]...because of lack of recruitment of staff this level could not be reached before 1960.⁷³

While the programme outlined in October 1952 by DASF Director Dwyer estimated that about twenty agricultural extension officers would be needed, by June 1954 only two full-time and four part-time staff were employed. Less than two years later, eight DASF officers were working part-time on rice, supplemented by seven Department of Native Affairs staff.

The fact that no officers have been working full-time on the project is attributed to the increase in other forms of cash cropping being taken up by the natives in the two Districts.⁷⁴

Thus rice no longer:

...held pride of place in the area as a cash crop for village producers...their enthusiasm has tended to become more widely distributed in a quite logical way but resulting in a reduction in the overall attention paid to rice cropping. Crops which are competing with rice in the native interests, are coconuts, cacao, coffee and peanuts.⁷⁵

72. NAA Department of Territories A518/1, AM927/4 *Development of the Territories-Agricultural Village Rice Production* 18/3/54 Press Statement 'Rice in New Guinea Villages. Statement by Minister for Territories-Mr.Paul Hasluck'

73. NAA Department of Territories A452/1. 1958/2847 *Native Village Rice Production-Madang and Sepik Districts* 3/5/55 EJ Wood Assistant Secretary, Industries and Commerce, Dept. of Territories to the Minister

74. NAA Department of Territories A452/1. 1958/2847 *Native Village Rice Production-Madang and Sepik Districts* 11/10/56 EJ Wood to the Minister

75. NAA Department of Territories A452/1, 1958/2847 *Native Village Rice Production-Madang and Sepik Districts* Report on Native Village Rice Production-Madang and Sepik Districts (undated, covering period from July 1, 1955 to 30 June 1956), p.1

Peanut production had accelerated in the coastal strip around Wewak, while between 1954 and 1956 copra production doubled in Madang district.

The demand for agricultural, especially extension, staff from all districts continued to outstrip supply. Further, despite the Minister's continued emphasis upon the priority to be given to rice growing, field staff often encouraged planting of permanent bush/tree crops which provided higher returns instead of promoting rice growing.⁷⁶ For 1955/56, estimated production of marketed milled rice for the two districts was only 570 tons, from fewer than 5,000 families with small stocks of padi (unmilled rice), about 170 tons, held by 'various native societies'.

Despite the limited increase in production which had occurred since 1953, the official report for the latest year gave a carefully qualified endorsement of the target of 4,200 tons of milled rice by 1960. That is, officials were advising a seven-fold growth in output could be attained in the next four years. Unsurprisingly Minister Hasluck, who continued to regard increased production of rice as critical, urged his staff to 'keep the pressure on'.⁷⁷

Obtaining Further Advice

While the 1954 Rice Action Plan, based upon the recommendations of Australian adviser W Poggendorff had limited effect in switching the emphasis from dry upland growing to irrigated production, Hasluck's approval of the Plan contained a proviso which suggested some uncertainty in the Minister's mind. On June 30, 1954 Hasluck had accepted the Plan:

...subject to further consideration being given to the best means of investigating the water problems associated with rice growing with a

76. In July-August 1957, E.J.Wood from the Department of Territories went to PNG to discuss progress under the first Rice Action Plan. In addition to hearing senior local officials re-emphasise their commitment to smallholder production of dry upland rice rather than irrigated production, he was also informed that in Madang Co-operatives officers 'actually discouraged rice growing by the former Rural Progress Societies because (they) believe natives should go in for permanent tree crops, not annual crops.' NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua New Guinea 1954-1960* Report on Visit to PNG

77. NAA Department of Territories A518/1, AM 927/4 *Development of the Territories-Agriculture Village Rice Production 1952-1957* 16/8/1955 A/Assistant Secretary, Department of Territories E.J. Wood to First Assistant Secretary, copy of submission to Minister reporting on Village Rice project, with Minister's minute of 3/8/1955

view to the submission of proposals by the Administration in regard to the use and control of water.⁷⁸

Hasluck and Department Secretary Lambert intended the establishment of a water authority along the lines proposed for a similar organisation in the Northern Territory of Australia. They continued to press the Administration in Port Moresby to establish such an authority 'which can include the water problems associated with rice development in its activities'.⁷⁹ But in northern Australia, the organisation was to superintend water usage for a major project utilising irrigated large scale production. As the Administrator Cleland pointed out fifteen months later in his reply to Lambert's June 1954 memo, there were substantial differences between rice growing in PNG, predominantly of dry, upland rice by smallholders and that occurring in the Northern Territory. These differences made the establishment of a water authority less urgent in PNG.⁸⁰

In December 1957, due to the continuing dissatisfaction of the Minister and Department officials at the lack of progress, another advisor was employed to investigate and recommend means for increasing rice production. The advisor was required to 'suggest a practicable plan whereby the Territory might produce its own requirements of rice within a reasonably short period of time'.⁸¹ To this end the advisor was to examine the existing approach taken under the 1954 Action Plan and advise on its suitability as well as consider the fit between the over-all plan and the plan for development of village rice production in Madang and Sepik Districts. That is, given the commitment of the Minister, senior departmental and PNG administration officials to smallholder production, the appointed advisor Mr C.S. Christian, Chief of the Division of Land Research and Regional Survey from the Australian Commonwealth Scientific and Industrial Research Organisation

78. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 16/6/1954 Secretary, Department of Territories to Administrator

79. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 16/6/1954 Secretary, Department of Territories to Administrator.

80. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 8/9/1955 Administrator D.M.Cleland to Secretary, Department of Territories

81. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 17/2/1958 Secretary, Department of Territories to Sir Ian Clunies-Ross, Chairman, CSIRO

(CSIRO), had to devise a means of linking irrigated rice growing with family labour processes.

With the initiative to appoint Christian having been taken in Canberra,⁸² senior officials in the colony doubtful of his suitability were forced on the defensive. The Acting Administrator Dr Gunther was aware that Territories' department officials knew the priorities of extension staff advising mainly smallholder dry rice growers. Their needs were for more research on improved rice varieties, best cultivation practices and increased supplies of better seed. Accordingly Gunther emphasised the importance of an additional appointment to that of Christian. With little European farming interest in dry land rice growing, no adequate means of water control and thus no real prospects for wet rice cultivation by large or small holders, Gunther concluded that Christian was not sufficiently informed about the principal form of production, dry upland rice growing utilising family labour processes, which remained predominant in PNG.⁸³

Gunther's plea for an additional advisor went unanswered by the Department in Canberra.⁸⁴ Three weeks later, Minister Hasluck approved the appointment of Christian, and in April, after speaking with W.L. (Bill) Conroy, then chief of the extension division of DASF and from 1964 Director of the Department, the CSIRO officer accepted. His visit was to take about one month, and include the Mekeo, Markham Valley, Madang, Sepik and any other areas considered appropriate. Days in Port Moresby at the beginning and end of the visit completed the

82. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 17/2/1958 Secretary, Department of Territories to Sir Ian Clunies-Ross, Chairman, CSIRO. Significantly in this letter, Secretary Lambert repeated government policy on the need for local production to offset the amount of rice imported, and praised Christian as 'a suitable authority on (the subject of rice growing), who knows both rice cultivation techniques and the Territory'.

83. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 3/1/1958 Acting Administrator to Secretary, Department of Territories.

84. Oasa *The International Rice Research Institute and the Green Revolution* pp. 85-273 describes in detail how from the 1950s, the international emphasis in rice research and the development of extension services for small farmers was heavily aimed at irrigated production among Asian rice growers. Given this international emphasis, it is unlikely that much expertise was available in Australia or in the Asia-Pacific region along the lines proposed by Gunther. However I found no evidence that a search was conducted by Department of Territories officers for such a person.

itinerary.⁸⁵ Two senior officials from DASF, including Conroy were appointed to accompany Christian on his travels. The New Guinea Islands region was specifically excluded, according to Administrator Cleland when confirming the final itinerary, because 'it is not considered necessary to visit them (sic) in order to achieve coverage of the provisions of the action plan'.⁸⁶

As Christian's assessment, and the subsequent response to it shows, the CSIRO official was pushed in a direction which lay outside his expertise because of the depth of commitment in the Department of Territories in Canberra and among relevant senior officials of the administration in PNG to smallholder production of rice. Even if some local agricultural officers were not putting sufficient emphasis upon smallholder rice growing, despite being required to do so by Government policy, their seniors remained committed.

Christian's five volume Report was presented in November 1958, and was almost immediately described as 'long and not easy to follow'.⁸⁷ (The next month the Soviet Union's representative on the Trusteeship Council of the United Nations made a wide ranging attack on the Australian Government for not making the colony independent of agricultural imports. Rice in particular was cited as a case of a crop which was neglected in the interests of Australian rice growers.)⁸⁸ The Christian Report was turned into a revised action plan within the Department of Territories and submitted to the Administrator. This plan was in turn incorporated within the response sent back to Canberra in August 1959 by Administrator Cleland and made the basis for a revised, second Rice Action Plan. This Plan was approved in early 1960.

85. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 2/4/1958 CS Christian to Secretary, Department of Territories

86. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 18/4/1958 Administrator to Secretary, Department of Territories

87. For summaries of the Report, including the 'not easy' comment made by EJ Wood, Assistant Secretary, Industry and Commerce on February 2, 1958 and subsequent correspondence, see NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960*. Hale *Rice* p.39 concludes that: 'The report is the most detailed done on rice in Papua New Guinea. After twenty years it is still relevant....Unusually for such a report, there is great sensitivity to social values among the farming communities.'

88. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/12/1958 *South Pacific Post* 'Russia Alone in Criticism of Agriculture'

The Christian Report - Irrigation and Centralisation of Production

It was soon officially agreed that the Christian Report could be considered under two headings, analysis and recommendations on existing rice growing, and a proposal for a major re-settlement project, utilising sparsely populated heavy tropical forest in Madang District. The two directions were joined, however, by a common premise adopted by Christian that existing efforts were too scattered and that in order to increase the output of rice grown by smallholders, production should be centralised in a large irrigated rice project, with a further major commitment of funds to underpin this new direction.

Christian's advice to give limited but continuing encouragement to smallholder production for non-marketed household consumption was treated sympathetically, especially when some of his recommendations could be seen as supporting views held in PNG. In particular, his observations on the weaknesses of the 1954 Plan, including soil and other deficiencies of areas chosen for increasing production in the Sepik and Madang districts, as well as the scattered distribution of limited personnel and other resources, were easily accepted. So too were his recommendations on the importance of research and trials on plant biology, cultivation, soil and climatic conditions preceding decisions about selection of areas for rice growing to be encouraged. DASf officials in PNG were able to concur, while pointing out that in some cases knowledge about these matters utilised by Christian had been advanced by research conducted since the 1954 Plan was constructed.⁸⁹ The Sepik grass plains, marked out for rice growing earlier:

...suffer from extreme soil deficiency which has come to light as a result of experimental work at (the) Yambi (research station). In the Ramu the slope of the valley floor has proved to be too great for satisfactory

89. Christian generously acknowledged in his Report that with the knowledge available in 1954, the first Action Plan was adequate, and its inadequacies had become obvious subsequently, a point recognised in Canberra. See NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 29/3/60 EJ Wood for the Minister 'Action Plan for the Development of the Rice Growing Industry-Papua and New Guinea'

mechanised irrigated development, while the Markham soils are generally too porous for irrigation with standing water.⁹⁰

Christian's recognition that the extent to which commercial rice growing, by European large farmers and indigenous small-holders alike, was a very marginal proposition by comparison to other crops could be easily supported by the Administration. Other recommendations had been in the pipeline for some time, as in the case of properly testing selected rice varieties in a wide range of environments. Further, the Administration and DASF had already begun to extend its research on wet rice cultivation for small holders.⁹¹ Christian's recognition that staff shortages had played a critical role in limiting the capacities of extension and research staff was easily accepted, with Cleland forwarding to Canberra the additional DASF observation that:

He (Christian) does not appear to have been fully aware that a few years ago technical staff was so thinly spread that little could have been done to alleviate the shortage of staff for work on rice, which could not be regarded as more than a crop with possibilities, except by totally abandoning work on other crops which were already proved and had passed the 'possibility' stage. The Department would have been subject to very strong public criticism had it taken staff away from crops like coconuts and cocoa to work on rice. It should also be appreciated that there was an agronomist working on rice before coconuts and that only recently has more than one man been engaged full-time on cocoa.⁹²

However in a confidential letter to the Department of Territories, Christian noted that there was:

...general apathy within Administration departments towards the whole question of rice growing. This arises, mainly...from the fact that rice is a difficult crop because each situation requires a different variety or change in method. Far less success has been achieved with it than with the other major economic crops. It requires far more technical background to make a success of it and there is far less technical

90. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/8/1959 Administrator to Secretary, Department of Territories 'Christian Report on Rice Development and Production in the Territories' 'Comments by the Department of Agriculture, Stock and Fisheries' p.3

91. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/8/1959 Administrator to Secretary, Department of Territories 'Christian Report on Rice Development and Production in the Territories' 'Comments by the Department of Agriculture, Stock and Fisheries' p.4

92. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/8/1959 Administrator to Secretary, Department of Territories 'Christian Report on Rice Development and Production in the Territories' 'Comments by the Department of Agriculture, Stock and Fisheries' p.3

information concerning it. All this has resulted in a very definite lack of confidence concerning the crop, although within the Extension Services...there is a Divisional attitude favouring its spread and development.⁹³

In short, there was little in his Report to offend PNG-based officials, especially as he supported the need for increased resources and a further shift along lines already being investigated for extending commercial production to wet, irrigated rice. Most importantly, Christian's doubts about the attainability of self-sufficiency in marketed production generally were in accord with official views in Port Moresby.

The Christian Report - Irrigated Rice and Resettlement

However where Christian's recommendations were most out of step with Administration planning was regarding his proposal for a major re-settlement project to be located on about 63 square miles in the Nuru - Gogol River area of Madang. The site and some adjoining Crown land with consistent heavy rainfall and heavy forest cover needing clearing had been suggested to Christian by Administration officials. But the detail of the project was his own work with supplementary advice provided by another CSIRO Land Research and Regional Survey Division officer with 'experience of native settlements in Africa' but no 'first hand information on New Guinea (sic)'.⁹⁴

Christian proposed the establishment of an experimental station in what became known as the Gogol Valley Scheme, Madang District, for investigating agronomic and other issues relevant to wet rice production. Subject to satisfactory results being obtained, the Administration would encourage the resettlement of people from the over-populated Bagasin and Suman areas nearby, to commence production of dry rice on ten acre holdings surveyed and marked out as forest cover was cleared. Subsequently smallholders would switch to wet rice production,

93. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 4/11/1958 C S Christian, CSIRO to Secretary, Department of Territories

94. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* C S Christian, CSIRO to Secretary, Department of Territories

in a project requiring an additional £350,000 capital costs and extra annual costs of approximately £94,000.⁹⁵

The response to the Department of Territories from Administrator Cleland, incorporating advice received from the Department of Agriculture, Stock and Fisheries (DASF), threw doubts on Christian's claim that he had discussed the project with relevant senior Administration officials across a range of Departments, with no 'serious objections being raised'.⁹⁶ Instead, Cleland and DASF expressed 'fundamental disagreement',⁹⁷ concluding that the proposed new direction was too expensive and adventurous for a colonial administration unwilling to divert resources from other already successful crops and regions.

Once again, the Administration was able to call upon international experience to support its opposition, noting that:

(T)he colonial world is littered with the debris of unsuccessful post-war development schemes, particularly in Africa, and to tie the first complex resettlement scheme in the Territory to rice would be unwise, especially where the initial emphasis would be on dry rice.⁹⁸

Re-settlement on sparsely populated land by migrants from other areas of the country as a means of tying households to smallholdings for expanded production of other crops was becoming acceptable for other locations in PNG (see Chapters Three and Four). But it was a relatively easy matter to reject this proposal on cost grounds as well as specific features of the Gogol Valley site. The Administration was able to point out the difficulty of mechanised clearing of the heavy forest and cultivating rice under prevailing weather conditions. As an alternative, the

95. In file correspondence, there are different costing figures given for the proposed project, varying from £280,000 establishment costs and £60,000 annual costs to the larger amount cited here. The larger amount was calculated by a Department of Territories' official, while Administration officials in PNG generally adopted the lower figures.

96. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 4/11/1958 C S Christian, CSIRO to Secretary, Department of Territories

97. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/8/1959 Administrator to Secretary, Department of Territories 'Christian Report on Rice Development and Production in the Territories' 'Comments by the Department of Agriculture, Stock and Fisheries' p.4

98. NAA Department of Territories A452/1, 1958/1327 *Rice Action Plan-Papua and New Guinea 1954-1960* 5/8/1959 Administrator to Secretary, Department of Territories 'Christian Report on Rice Development and Production in the Territories' 'Comments by the Department of Agriculture, Stock and Fisheries' p.5

Administration proposed a more gradual, long-term project through which settlers, already in the process of moving into the area, could be encouraged to further clear forests, incorporate dry rice growing into their existing 'fell and burn' agriculture. At the same time, research would be continued into the prospects for wet rice growing on a more substantial scale in the area.

As with the earlier recommendations proposed by Poggendorff, supported by Cottrell-Dormer, Christian underestimated the strength of the official commitment to meet the growing demand for marketed rice through smallholder production of dry rice as well as to encourage households to grow rice for immediate consumption. Even as Christian was undertaking research and preparing his Report, Conroy had poured cold water on any prospects for the early adoption of irrigated rice production. While declaring the Administration open to the possibility of major investment in large scale production, along the lines of the Humpty Doo project in the Northern Territory of Australia, the chances of this occurring in PNG seemed slim. According to Conroy, who as already noted accompanied Christian on his visit to rice growing areas, this was because, although suitable land and supplies of water were available in both the Sepik and Madang Districts:

(T)he cost of clearing the bush would be prohibitive for a large capital investment in rice. Other crops such as cocoa and coffee would pay off much better...A better plan is to encourage the native to clear the bush for himself for his own village gardens. After he has finished with his gardens he can then plant rice. By clearing the bush this way the native avoids the large capital expenditure that would be necessary for an immediate project.⁹⁹

If there was limited scope for large scale wet rice production, there was even less for immediate household adoption of irrigated rice growing, so completely outside the agricultural experience of indigenous smallholders. Also weighing heavily upon Conroy and the Administration was the continuing lack of increased production from the Mekeo Rice Project. Despite the substantial resource commitment to the Project, there had been little interest in investment in the area by expatriate or international investors. While the Administration retained machinery in the area for rice growing and continued to employ three part-time staff on experimental work,

99. NAA Department of Territories A452/1, 1958/2847 *Native Village Rice Production-Madang and Sepik Districts* 26/9/1958 *South Pacific Post* 'Rice Project Welcome'

all other aspects of rice production were now in indigenous hands with limited marketed rice being produced (see above).¹⁰⁰

Conclusion

Despite his continued efforts to increase smallholder production of dry, upland rice in PNG, Hasluck became aware that Departmental pressure forcing Australian producers to accept lower prices for their exports to PNG would reduce the incentive for rice production in the colony.¹⁰¹ As efforts to substantially raise marketed production in PNG failed and domestic consumption of imported rice increased in conditions of greater international production and lower prices, the importance of increasing rice growing diminished for the Minister and the colonial administration. Despite the international shortages and high prices, there were no indications that private firms would make the necessary investments to produce rice for export.

While the drive to increase production across the colony probably contributed to small amounts of rice growing for immediate household consumption in many districts,¹⁰² it seems to have had little tangible long-term effect upon marketed rice production in the two districts where greatest effort had been concentrated. During the accelerated development phase, the importance of rice growing faded: production of rice was not given any encouragement in the 1964 World Bank *Report*.¹⁰³ It was not until the early 1970s, when self-sufficiency became a

100. 26/9/1958 *South Pacific Post* 'Rice Project Welcome'.

101. Hasluck *A Time for Building* p.135 notes how efforts by Secretary Lambert and himself 'lessened one of the arguments for replacing imports with home production'. He was referring to negotiations with Australian rice growers, and 'a threat we made to buy rice wherever we could get it in Asia' which 'resulted in a fairer price and a better delivery' thus 'improving the terms by which the Territory purchased about 15,000 tons of rice a year from Australia'. The Minister also noted that 'as the years went by, one of the nutritional arguments for village rice, namely that it was left brown and unpolished, lost its force when, for reasons of status, the native people who advanced to cash incomes coveted white rice as a status symbol because it was what the white people ate.' While there was a move away from brown rice, the Minister's explanation for the attraction of white protein enriched rice is an over-simplification. There were more than status reasons involved, and these included cooking ease, reduced amounts of fuel and water needed, as well as the association of eating brown rice with sickness and attendance at government hospitals where patients were served rice. I am indebted to Emily Dirua for emphasising the last of these reasons.

102. Hale *Rice* p.9 states: 'At one time or another rice has been grown in every coastal (ie. including island: SM) province, and in several highlands provinces as well.'

103. Hale *Rice* p.8

prominent feature of discussions about future development policy for the independent nation-state, that increasing rice production became important once more (see Chapter Four above).

A possible exception to the general decline in the importance of rice growing during the 1960s and 1970s remained Maprik in what became, after Independence, the East Sepik District. During the 1950s three commercial crops –peanuts, rice and coffee – gained a more important position in smallholder agriculture in Maprik. As already noted, peanut growing flourished initially but became insignificant as an export crop from the early 1960s.¹⁰⁴ Instead, robusta coffee became the most important smallholder crop. But from the late 1950s through the 1960s rice production maintained an upward trend in the area, from about 78 tons of paddy in 1957-58 to an estimated 1,600 tons in 1969-70. The latter amount was produced by about 1600 growers, an increase from 78 in 1958,¹⁰⁵ suggesting no change in labour productivity.

While the policy emphasis on dry, upland rice production played a major part in the colony-wide failure to significantly expand production, other factors – international and local – also contributed to this outcome. Increased international availability and relative price reductions for rice ensured that households were better off growing other crops or engaging in wage employment, while purchasing rice for domestic consumption. Weather and soil conditions, although varying across PNG, often detrimentally affected smallholder production. Irrigation and greater mechanisation of production, which might have mitigated some of the variability in local conditions, were regarded as incompatible with important terms of the scheme of smallholder production, including the priority of utilising family labour processes.

104. Shand and Straatmans *Transition from Subsistence* pp.97-100

105. *Transition from Subsistence* p. 101, Table 5.3 provides the statistics, while pp.100-115 discusses rice growing and processing in the sub-district in greater detail. See also Allen 'The North Coast Region' p.119 for the conclusion that: 'Today [in the late 1970s] small amounts of rice are produced in the West and East Sepik Provinces, generally where coffee plantings are lowest and road transport poorest; in the Madang Province, mainly by migrant squatters who are allowed to grow rice on land which they clear for customary landowners; and in Morobe Province, where private enterprise and missions grow small amounts of rice'.

In the case of the Mekeo Rice Project, the most prominent early attempt by the colonial administration to increase rice production, all the above factors combined to result in failure. When the project '[was] given away' by the Department of Agriculture, the spokesman for the department explained 'that the Mekeo natives had lost interest in rice as a cash crop because of the hard work involved and the low returns' by comparison to fruit, copra, cocoa and vegetable crops. The local legacy of the Project was that some rice continued to be produced by households for non-marketed consumption in the area.¹⁰⁶ As Epeli Hau'ofa noted, in the early 1970s there also were a few highly profitable commercial growers selling rice locally through village trade stores and at Bereina.¹⁰⁷

However, while the efforts to increase production largely failed and the availability of rice produced by industrial methods in Australia contributed to this outcome in PNG, colonial development policy was aided by the growth of rice imports. As Hasluck noted, there was merit in 'expanding local consumption [of rice] as part of the general measures to raise nutritional standards',¹⁰⁸ even though his preferred means of attaining the expansion, native agriculture in villages was unsuccessful. One aim of development policy, securing households upon smallholdings at higher standards of living, was facilitated by the availability of rice imports and commercialisation of production of other crops, even though another objective, self-sufficiency of rice production in PNG, was not.

Over-shadowing all the attention and effort applied to rice production were the successes with other crops. The thesis now turns attention to one of these, cocoa which also brought to the fore conflicts between the objectives and outcomes of colonial development policy.

106. A Department of Territories' Summary of May 1959 devotes more than a typed page to explaining the 'credit side' of the Project. As well as the spread of tractor use and the growing number of trained indigenous operators, the summary notes that 'rice has become firmly established as part of the Mekeo subsistence regime and is to be found growing in all food gardens and in regular household use.' Rice had also been adopted 'as a crop in less favoured areas to the north and west of the Mekeo plain'. NAA A452/1, 1958/628 *Mekeo Rice Project* p.4.

107. *Mekeo* p.19

108. Hasluck *A Time for Building* p.135

Chapter 6

Cocoa

Introduction

While imports assisted in overcoming the shortage of domestically grown rice and other storable foods, greater production of immediately consumed and marketed food lifted living standards without forcing households off their smallholdings. The rapid increase in the production of export crops, coconuts (copra), coffee and cocoa, fitted neatly within the agrarian doctrine of development and contributed to its success. However because cocoa and coffee growing and processing was concentrated in a few areas, their success also threatened a central tenet of the 1950s policy emphasis upon uniform development. As well, the crops opened further space for indigenous capital's advance, which challenged colonial policy too.

This chapter outlines the course and consequences of the colonial administration's promotion of smallholder cocoa production. The first section of the chapter outlines how favourable international conditions for increased production of cocoa made it possible for colonial officials to strengthen the general position of local producers while giving primacy to smallholders.¹ Official plans and subsequent actions became a principal determinant of the direction taken in cocoa growing, processing and marketing over the late colonial period.

Part of the attraction of cocoa for the colonial administration's agrarian development doctrine lay in the wide range of suitable climatic and soil conditions found in many parts of PNG where smallholder agriculture was already predominant. The second section of the chapter provides an overview of how cocoa growing and processing assisted in meeting important development objectives, including decentralization. Emphasis is placed on how the export crop encouraged households to remain attached to land. Smallholder cocoa growing also limited the movement of indigenous capital into largeholding agriculture. Bougainville became the exemplar for administration efforts to spread cocoa

1. R.E.P. Dwyer *Cocoa Production Territory of Papua-New Guinea Part 1 The Economics of Cocoa Production* Port Moresby: DASF, July 3 1948

growing as widely as possible and for the crop's role in securing households upon smallholdings.

On the Gazelle Peninsula, where plantation production of cocoa had occurred before the war and which was an area favoured by the availability of seed after 1945, wealthy Tolais growing and processing the crop challenged official plans for smallholder primacy (see Chapter Two above). Section 3 describes the rapid expansion of cocoa growing during the 1950s and early 1960s in the area, as well as the growing opposition to colonial authority from indigenous capitalists and would-be capitalists. On the Peninsula, the export crop of cocoa became central to the politics of self-government.

International Conditions and the Official Response

The immediate post-war shortage of cocoa continued into the early 1950s.

Demand was further increased, with corresponding high prices, when in 1953-54 rationing of chocolate consumption ended in Britain.² Reduced production from West Africa, due especially to disease among trees and political unrest in Ghana, pushed international firms to seek out new sources of supply. Rebuffed and discouraged from establishing largeholdings in PNG, the firms were nevertheless keen to encourage production in what was a sellers' market. The colonial administration, led by officials in PNG, used the circumstances to set down important markers for the future expansion of cocoa growing in PNG.

These markers included the selection of Trinitario rather than Forastero genotype trees and the associated choice of fine and flavour rather than bulk cocoa produced for a wider international market than Australia. An initial focus was the rehabilitation of plantations where Trinitario was already grown. However the deliberate choices of tree variety and cocoa flavour by colonial officials keen to stimulate replanting and new plantings affected all PNG production, whether on

2. F.Helmut Weymar *The Dynamics of the World Cocoa Market* Cambridge, Mass. and London, Eng.: The M.I.T.Press, 1968, p.13. Shand and Straatmans *Transition from Subsistence* p.81, Table 4.11 provides an index of cocoa export prices (f.o.b) from 1947-68. With a 1947-50 base of 100, prices were highest between 1952 and 1955, and again in 1958 and 1959. In 1955, the index reached 307.

largeholdings, owned by international firms, expatriate owner-occupiers and indigenous bourgeois, or on smallholdings farmed by indigenous households.

When global production was increasingly dominated by smallholders,³ selecting higher yielding Trinitario rather than Forastero came to have additional benefits for household growers in PNG.⁴ In aiming smallholder production at the fine and flavour market the Administration was also attempting to secure higher returns for households in this colony by comparison to smallholders elsewhere, especially in West Africa.

The tussle between Administration officials in PNG and Department of Territories' officers in Canberra extended beyond policy regarding the type of cocoa to be grown by plantations and smallholders. Throughout the 1950s, while the former sought to encourage further expansion and recognised their limited capacity to check increased smallholder plantings, in Australia officials worried about the implications of producing more cocoa than could be utilised by manufacturers in the metropolitan country. The latter recalled that in 1926 the Australian Government had passed a Papua New Guinea Bounties Act and a Customs Tariff (Papua and New Guinea Preference) Act to encourage production, including of cocoa, in the colony. After World War II, Australian officials were concerned that too much stimulation of fine and flavour cocoa production with a more specialised market would inevitably result in declining prices. In such circumstances, growers

3. It is incorrect to claim regarding cocoa's production that in 1940 or at any period in the first half of the twentieth century cocoa was solely or even primarily 'the product of a plantation economy using native labour'. Robert Dixon *Prosthetic Gods: travel, representation and colonial governance* St Lucia, Qld: University of Queensland Press, 2001, p.9. While the description did hold for pre-World War II New Guinea cocoa production, this output formed a very small proportion of the cocoa utilized by Australian-based manufacturers for that country's drinking cocoa and chocolate consumption. Most cocoa imported into Australia came from Ghana where smallholder production was already dominant. The classic accounts of smallholder expansion in Ghana are by Polly Hill *The Gold Coast Cocoa Farmer: A Preliminary Survey* London, Accra, Ibadan: Oxford University Press, 1956; and *The Migrant Cocoa-Farmers of Southern Ghana: A study in rural capitalism* Cambridge: At The University Press, 1963.

4. Dand *The international cocoa trade* pp.222-223, makes the point that Forastero, by virtue of its particular cocoa butter quality and lower price was suited to the manufacture of milk chocolate. Due to the almost total dominance of this form of chocolate, and the fact that by the early 1990s less than five per cent of total cocoa production in the world was fine and flavour, fine and flavour cocoa had largely become irrelevant to supply and demand conditions on international markets. However when cocoa production was being reconstructed and extended after WWII in PNG, the distinction was regarded as of significance in international markets.

would be likely to demand financial support and a preferential arrangement into the Australian market from the colonial government.

This fear continued to manifest itself as the 1954-55 and 1958 Cocoa Action Plans were produced by the PNG Administration but under colonial government advice transmitted from Canberra. Each time officers in the colony set production targets which aimed beyond the Australian market, in order to 'prevent the Australian manufacturer taking advantage of being the only outlet for New Guinea production',⁵ Department of Territories' officials sought to restrain these ambitions.

One exchange neatly encapsulates the division between officials. In April 1955 the Administrator D.M.Cleland wrote to the Secretary of the Department regarding an early draft of the first Plan, with suggested amendments. After acknowledging that the comments came originally from the Director of Agriculture Dwyer, who opposed production targets, Cleland said:

The rate of planting is largely outside Administration control and is affected by too many factors, such as availability of land and labour, Extension staff, and the ability to provide supervision and finance of native processing centres. Our aim should be to develop as rapidly as possible and, as we are producing a crop marketable throughout the world, there is no need only to consider Australia's requirements. In fact, it may be in the interests of Australia for the Territory to market its cocoa in hard currency areas and for Australia to buy its requirements in soft currency areas.⁶

In other words, let manufacturers in Australia continue to buy lower priced 'Accra' bulk cocoa grown in Ghana and Nigeria, while producers in PNG tried to grow and sell as much higher priced fine and flavour as they could, including in markets outside the Sterling area.

The response from Canberra indicated the extent of the disagreement with Port Moresby officers. In May 1955, E.J.Wood, OIC, Agricultural and Pastoral Branch in the Department responded with an internal memo. He went directly to the question

5. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* Undated Note Extract from Report by F.C. Henderson 'Future of Papua and New Guinea Cocoa Marketing'

6. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* 14/4/1955 Administrator to Secretary, Department of Territories

of production targets, specifically for total PNG output to reach 3,000 tons by 1957/58 and 5,000 tons by 1961/62. Said Wood:

It is agreed that the ultimate target need not necessarily be related in the plan to Australia's level of requirements, but it is considered unwise to encourage cocoa plantings much beyond the level of production that can be absorbed in the Australian market.⁷

The nature of the official's concern soon followed. While world demand was currently in excess of supply, this might not continue. With declining prices, demand for assistance from the Australian government would re-appear.

While New Guinea production is less than or only at about the same level of the Australian demand, Government consideration of assistance of this nature to the New Guinea industry would be feasible. When the cocoa plantings have reached the stage where production from them, when in full bearing, would be about the level of the Australian requirements, the policy can be reviewed in the light of world market prospects and a decision made as to whether further plantings should be officially encouraged.⁸

In other words, caution should be exercised about the extent of official encouragement of cocoa. Over the next two years, the division between Canberra and Port Moresby-based officials over targets and the objectives of cocoa production in the colony changed little. In December 1957, during the preparation of the second Cocoa Action Plan, while still ostensibly tying PNG production to Australian demand, Minister Hasluck attempted to stick to the targets of the first Plan but conceded a target of 12,000 tons 'thereafter' 1961/62.⁹ However less than a year later, in October 1958, the Minister and Department were forced into a major concession. Paragraph 1a) of the second Plan over-turned the earlier 1955 Plan's output goal:

7. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* 5/5/1955 E.J.Wood OIC Agricultural and Pastoral Industries Branch on Cocoa Action Plan

8. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* 5/5/1955 E.J.Wood OIC Agricultural and Pastoral Industries Branch on Cocoa Action Plan

9. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* 17/12/1957 Press Release Minister for Territories 'Cocoa Industry in Papua and New Guinea'. Ten years later, imports of cocoa into Australia amounted to little more than the Minister's 'thereafter' target, while PNG produced just under twice as much. Exports had grown to other countries, in particular the USA and the Australian market had become much less important. Densley and Wheeler *Cocoa Tables* 17-18, pp.37-39

The immediate target to be about 25,000 tons of cocoa beans per annum. When anticipated potential production approaches that level, future policy to be reviewed in the light of world market prospects.¹⁰

The precise point at which the revised position became acceptable in Canberra is not immediately apparent.¹¹ It is clear that the local Administration was more attuned to the speed with which production was expanding, as well as the difficulty of limiting smallholder plantings once indigenous growers adopted the crop. The latter point had been central to the Administrator's memorandum to Canberra of April 1955, cited above, which was composed as very substantial increases started to occur in indigenous smallholder as well as largeholding plantings.

The colonial administration's ability to regulate cocoa output by household growers was limited. Short of adopting authoritarian measures to restrict production, such as banning further planting and tearing out trees, the most that could be done was cutting back on extension activities and limiting forms of price support. Through direct experience coordinating and supervising household plantings, including in the first important area of indigenous growing the Gazelle Peninsula, the political implications of any official practices were becoming more obvious to local officials.

The difficulty for Canberra-based officials in understanding the fast emerging problem of how to restrain production lay partly in the nature of the evidence they were using to measure the success of the post-war policy to expand cocoa production. Export tonnages, impressive as these were in showing rapid expansion, constituted a limited, rear-vision mirror view of what was happening. The output measure indicated a successful lifting of production in line with over-all policy. The measure also obscured the important difference between a considerable ability to limit largeholding expansion, primarily by preventing further alienation of land, and a negligible capacity to constrain smallholder increases, even if the latter had been intended. As the importance of the Australian market

10. NAA Department of Territories A452/1, 1957/3874 *Cocoa Action Plan* Cocoa Action Plan Amended October 1958

11. Hasluck *A Time for Building* pp.293-294, sheds no light on the matter, only referring to the competence of the officers in Canberra and Port Moresby, and 'in this area [of agriculture policy] perhaps more than any other...seemed to be able to work together to good effect, supplementing each other.'

declined for PNG cocoa exports, so too did the expatriate owner-occupiers and Australian-based plantation firms become even less significant cocoa producers. The shift to smallholder predominance, however, took some time.

It has already been noted that along with the use of the Trinitario genotype, PNG cocoa growing is atypical in another respect. It is one of the few countries where inter-planting with coconuts is practised.¹² Inter-planting has particular advantages for households who can grow an immediately consumed food crop in close association with an export, cash crop.

In 1958, while Acting Director of DASF, Frank Henderson gave a review of technical work being done and plans affecting the cocoa industry. The overview was presented at the Rabaul Cocoa Conference convened by Australian and local officials upon the urging of the local Planters' Association. He summarised the principal conclusions reached after a 1948-49 study of the Ghanaian cocoa industry made by DASF.

...the Department had concluded that many of the difficulties encountered in the industry of that country had their roots in the policy of "laissez faire" adopted when the industry was in its infancy. The policy was then formulated [by DASF] that the Native industry in this country should be based on three concepts: that of: a) minimum areas [to be planted by each grower]; b) registration [of growers]; c) central fermentaries. This policy has not changed, and the Administration still aims at grafting the advantage of plantation methods on to peasant production methods to give a quality product.¹³

Whether 'laissez faire' adequately describes British colonial policy toward cocoa growing in Ghana or not is unimportant here.¹⁴ What matters for this account is that a senior official in Australia's colony was spelling out an immediate post-war rejection of 'laissez faire' for PNG. Instead Henderson emphasised the importance

12. One estimation made soon after Independence suggested that while in some areas, including Buka Island in Bougainville District, sole planted cocoa is the norm, for the country as a whole 'about half the area under cocoa... is interplanted usually with coconuts.' Densley and Wheeler *Cocoa* p.7

13. PNGNA Department of Primary Industry A/N.12, Box No.16,497, F/N 1-4-99 *Report of the Cocoa Conference -Rabaul 16th to 18th April 1958* p.15

14. Cf. Jeff D. Grischow *Shaping Tradition: Civil Society, Community and Development in Colonial Northern Ghana, 1899-1957* Leiden: Brill, 2006

of the colonial administration's role in coordinating and supervising household production.¹⁵

The objective of 'grafting the advantage of plantation methods' still left open a number of important issues for policy determination. One direction which never had substantial support for cocoa or indeed any other crop was that favoured by the first post-war Director of Agriculture, Cottrell-Dormer. Opposed to Papua New Guineans becoming 'a race of wage earners dependent upon European industry',¹⁶ Cottrell-Dormer instead favoured the development of the cocoa industry through:

...the development of Government plantations on behalf of the natives, ie. on the natives' land and for the purposes of handing over to native ownership in the shape of co-operative societies in the future. In this way the people will never become landless and their employment on the plantations can be controlled in such a way that their village life is not unduly interfered with...¹⁷

As was to occur later with his preferred method of mechanised and irrigated wet-land rice growing, Cottrell-Dormer had not judged the dominant official attitude at all well. Establishing government plantations received no support, either from the Minister or other senior officers. Instead the search for an official policy direction to graft 'the advantage of plantation methods' on to 'peasant production methods' was accelerated by the rapid spontaneous increase of indigenous plantings. Colonial officials were forced to respond, particularly because of the early prominence of indigenous largeholdings and the need to have cocoa processed at internationally acceptable quality standards.

At the same time as the expatriate owners of largeholdings returned to PNG and began plantation reconstruction, indigenous cocoa growers began to prepare land and plant trees. The chapter now emphasises how while the direction indigenous

15. As shown in greater detail in previous chapters, there is more than irony in the fact that contemporary accounts continue to assert that 'laissez faire' best describes Australian colonial policy during the post-war years towards PNG. See, as well as Connell *Papua New Guinea*, p.20, the more recent uncritical repetition of this position by Frederick Errington and Deborah Gewertz *Yali's Question: Sugar, Culture and History* Chicago and London: The University of Chicago Press, 2004, p.27

16. NAA A518/1, A58/3/3, *Commodities-Cocoa Papua and New Guinea Proposals for Development* undated W Cottrell-Dormer, Director, DASF to Secretary, Department of External Territories p.1

17. NAA A518/1, A58/3/3, *Commodities-Cocoa Papua and New Guinea Proposals for Development* undated W Cottrell-Dormer, Director, DASF to Secretary, Department of External Territories p.1

production initially took was often the result of the spontaneous action of wealthy individuals, almost immediately the colonial administration responded to coordinate and supervise household production. Cocoa growing and processing by ambitious Tolai on the Gazelle Peninsula was important in stimulating the official response.

The Cocoa Ordinance's Limited Application

An early legal expression of the drive to shape household production away from what were seen as low productivity, low quality, unregulated peasant farming was the 1951 Cocoa Ordinance. Passed through the colony's Legislative Council, the Ordinance included two of the terms specified above by DASF official Henderson. That is, there were to be minimum areas planted by each grower, which given the proper spacing effectively meant a 500-tree minimum number per grower, and registration of growers to make supervision of conditions, including diseases, easier.¹⁸

The Ordinance provided a largely ineffectual legislative underpinning for the work of Administration officials trying to supervise new plantings. One official was Francis Xavier Ryan, the officer who in 1949 led the agricultural extension services introducing cocoa to Vunamami on the Gazelle Peninsula near Rabaul.¹⁹ Ryan encountered considerable difficulty and criticism instructing growers, households and largeholders, on the spacing and other cultivation requirements demanded by the legislation. In an undated letter, probably written shortly after the Ordinance came into effect in 1952, Ryan gave some indication of the possibility for even more substantial opposition, if growers were unwilling to cooperate.²⁰ Ryan's letter also acknowledged the objection of the District Commissioner J.K. McCarthy to pulling out trees, and that concern over cultivation practices and standards was not

18. Cf. Connell *Taim bilong mani*, p.143.

19. Salisbury *Vunamami* p.56

20. PNGNA Department of Primary Industry AN12, Box No.16,706, File No.23-3-1(C) *Cocoa Projects Other Than Tolai-New Britain District* F.Ryan, DASF, Rabaul to Chief of Division, Plant Industry, Port Moresby p.1, states that he had: 'pulled out trees in areas where they are neglected over a period, isolated trees, small areas which cannot be enlarged to 500 [trees minimum], areas planted since the Ordinance and not in accordance with the Ordinance. The position has been explained to each group before cutting out commences and we have had the approval of the owners before pulling out.'

confined to indigenous plantings. 'Bad plantations' were also 'cleaned up' and complaints from one planter against another acted upon.²¹

Most importantly of all, in listing the number of non-specific and unsubstantiated objections to his work, Ryan made clear just how difficult it would be to police the Cocoa Ordinance's regulations once planting of trees became widespread and extended beyond the growers of substantial numbers of trees. In Vunamami and nearby villages where large-scale planting was constrained by shortages of land and labour this was to be less of a problem: a saturation level was reached in the early 1960s with somewhere around twenty per cent of the population growing cocoa.²²

Even in parts of the District where the potential for widespread planting of cocoa trees was more substantial, the average number of trees planted per grower remained below the legal 500 tree minimum. A 1955 estimate was that 'the average Tolai grower cultivates less than half an acre of cocoa'.²³ In such circumstances, the tussle between an Administration determined to control cocoa growing and the possibilities of a crop which could be grown so easily from seed obtained either through official or unofficial channels soon became apparent.

Despite the legal requirement that all growers be registered, and registration be restricted to growers of 'not less than five hundred cocoa trees in continuous grove, planted as prescribed', by 1954/55 'an agricultural survey of cocoa listed 487,174 trees registered under the Cocoa Ordinance, and 697,285 additional trees reported', giving over 1.1 million trees in five Native Local Government Council areas populated by Tolai.²⁴ That is, the number of unregistered trees already exceeded registered trees, and tree numbers per head were about 35. In 1960, an

21. Ryan to Chief of Division p.2, noting that: 'Steps are being taken to clean Mr Blake's plantation as a protection for Mrs Coote, who has made a verbal complaint through her daughter'.

22. The twenty per cent figure is my own 'guesstimate' drawn from the confusing picture presented in Salisbury *Vunamami* p.137, par.1

23. Wright *State Practice and Rural Smallholder Production* p.354 cites DC J.K.McCarthy, DC Rabaul from a paper 'Managerial Staff for Native Economic Development Projects', 20 August 1955.

24. Epstein *Capitalism, Primitive and Modern* p.115, citing K.R. Williamson 'The Tolai Cocoa Project' *South Pacific* V.9, No.13, p.595. For further consideration of why growers did not register plantings, see below.

estimate suggested that a total Tolai population of 40,000 people had planted almost three million trees, or about 74 trees per head.²⁵

Extensive pulling out of unregistered trees and fining unregistered growers fifty pounds as specified by the Cocoa Ordinance was never a serious option for Administration personnel, even had official policy supported such action.²⁶ In any case, the small number of available agricultural extension and other officers who might have policed offences against the Cocoa Ordinance were at the same time struggling to deal with the growing demand for advice, information and improved seed stock from large and small holders alike. Instead of fighting an unwinnable battle against smallholders planting relatively small numbers of trees among coconuts, vegetables and other crops, the emphasis was placed on trying to maintain quality standards through centralising processing at a limited number of fermentaries.²⁷

Processing Smallholder Cocoa

Cocoa pods can be left on trees for several weeks after they ripen but the risk that disease or pests will damage the ripe pods increases. A long delay in harvesting may also lead to beans starting to germinate inside the pod. Once cocoa pods are harvested, they need to be opened within a few days and the wet beans removed so that curing, which removes the mucilage surrounding the bean and much of the moisture content of the bean itself can take place. Curing involves two stages, the

25. Epstein *Capitalism, Primitive and Modern* p.115. As Epstein also shows (p.131), as plantings continued to increase in the early 1960s, the proportion of registered trees continued to decline.

26. PNGNA Department of Primary Industry Box No.16,706, File No. 23-3-1(G) *Cocoa Projects Morobe District* 18/1/1963 Agricultural Officer, DASf Extension, Finschhafen to District Agricultural Officer, Lae notes: 'Cacao was established by the natives themselves before DASf became active in the area but these were subsequently cut out because of the incorrect methods which had been employed, so in 1953 two Finschhafen field workers were sent to Rabaul to gain some practical experience with the crop.' However, neither this experience nor the DASf presence stopped plantings on a small scale. The AO's survey attached to the January 1963 letter reported that more than 41,000 trees, many of them still immature, had been planted by 173 growers in 21 villages in the Mapi-Kotte area. Only eleven growers, or just over 6%, owned more than 500 trees, while a twelfth had 499 trees.

27. A similar point is made by Epstein *Capitalism, Primitive and Modern* p.117, who concludes, after noting the rapid increase in plantings, especially by growers with a few trees: 'Unless steps were taken to organise the native industry so that it had efficient processing and marketing procedures, there was the danger that it might become chaotic, which in turn might have had adverse effects on the overall development of the Territory's cocoa industry.' Cf. for another connection between cocoa and the idea of chaos, Gwendolyn Mikell *Cocoa and Chaos in Ghana* New York: Paragon House, 1989.

first when the beans ferment, as a consequence of chemical reactions in the bean pulp. During fermentation much of the pulp drains away. A further series of chemical reactions occurs within the bean, some continuing during the second, drying, stage.

Processing of wet beans, whether fermenting or drying, can be carried out with fairly rudimentary equipment. The equipment can include simple baskets and holes in the ground where fermenting beans are covered with leaves, and wood or tin trays on which beans can be spread for sun or indoor drying.²⁸ The certainty of fermentation understates the considerable potential for unsatisfactory processing to occur. Insufficient sun and continuous rain, as well as inadequate attention to the need to turn beans during fermentation and drying are among the conditions which reduce bean quality and affect flavour. Where beans are inherently uneven in size and shape, as is the case with beans from Trinitario trees, processing requirements include even more attention during the fermenting and drying stages. Increased attention is associated with the use of well-constructed fermenting boxes and extensive drying areas, plus driers propelling hot-air through the beans contained in rotating cylindrical drums. The extra labour and better equipment is necessary to produce superior quality bean which obtains the greatest price advantage from fine and flavour cocoa.

That is, inherent in the type of cocoa grown and the market being aimed at by Administration officials and marketing firms was the need for more sophisticated equipment and a standardised curing process. Neither the labour nor the equipment necessary for standardisation could be provided by a mass of smallholders individually processing the crop of a small number of trees. Where the total output from nearby households was below the amount judged necessary to make a central fermentary viable, about the yield of 50,000 trees or 1,000 growers under the Cocoa Ordinance's terms, colonial officials were willing to accept other trading and processing solutions.²⁹ While the ease of constructing small

28. Wood and Lass *Cocoa* Chapter 13 'From harvest to store' by G.A.R. Wood, esp.pp.446-451

29. See for instances from New Ireland and Madang, PNGNA Department of Primary Industry Box No.16,706, F/N 23-3-1(I) *Native Cocoa Projects-New Ireland District*. Where the volume of cocoa

fermentaries made out of bush materials or selling to nearby plantations could be and was used where relatively small amounts of cocoa were produced by smallholders, neither practice met important requirements set by Administration policy and international markets. With small amounts of beans fermented poorly, quality standards of processing were hard to police. Where smallholder wet beans were sold to plantations acting as traders for processing in plantation fermentaries, a layer of capital was interposed between the grower and exporter of beans.³⁰ In both cases, the prices received by households for beans were not what the colonial administration intended. Administration policy was reshaped to meet Henderson's third condition for 'grafting plantation methods' on to 'peasant methods' by establishing centralised fermentaries to improve quality and increase prices paid to smallholders. The Tolai Cocoa Project on the Gazelle Peninsula provides the most substantial case of how colonial officials worked to establish and operate such fermentaries. However before examining this instance of administration action, the spread of cocoa growing and processing beyond the Peninsula is outlined, with emphasis on the Bougainville district where household production became predominant.

produced by households was too small to warrant a centralised fermentary dedicated to their crop, Administration officials often sanctioned arrangements between indigenous growers and plantation owners, including churches. For the accepted processing and marketing of smallholder cocoa by and through plantations on Karkar Island, Madang District, as well as the close watch kept on prices received by growers and the future need for an indigenous-owned central fermentary, see PNGNA Department of Primary Industry Box No. 16,706, F/N 23-3-1(L) Part 1 *Cocoa Projects-Madang District* 18/6/62 MJ White, Marketing Officer, DASf to Chief of Division, Extension and Marketing, DASf, Konedobu 'Report on the Marketing of Native Owned Cacao Kar Kar Island'. Shand and Straatmans *Transition from Subsistence* pp.87-89 note how, at least until the early 1970s, indigenous smallholder cocoa on Karkar Island was processed in plantation fermentaries.

30. For an instance where the colonial Administration initially encouraged indigenous producers to sell to plantations, while output of unfermented beans remained too small to warrant the construction of a central fermentary by growers, see PNGNA Department of Primary Industry AN12, Box No.16,706, File No.23-3-1(C) *Cocoa Projects Other Than Tolai-New Britain District* 20/2/58 J.C.Lamrock, Senior Agricultural Officer, Regional Agricultural Office, to District Officer, District HQ, Rabaul re Native Cocoa Plantings - Baining Coast: 'This memorandum is to reiterate previous policy in that native cocoa production is to be fostered in the Baining Coastal area where the local produce can find a ready market from neighbouring plantations. Due to the low population and planting density it is assumed that at this stage it is highly improbable that the native production will be sufficient to operate their own Central Fermentary in the foreseeable future'. In other cases, to encourage cocoa growing in more remote areas where there were no nearby plantations, joint ventures between Native Societies, the Department of Cooperatives and DASf operated fermentaries, pooled the profits accrued (between purchase price paid for wet beans and income received out of sale of dry beans) for future use by the Native Societies.

Indigenous Cocoa Growing: Colony-wide Expansion

While cocoa production among the Tolai of the Gazelle Peninsula provided the most prominent initial instance of the official development priority, Administration intentions were always that growing and processing the crop would be carried out by smallholders in other coastal and islands areas. During the 1950s, in particular, the Administration made substantial attempts to ensure that where climatic and soil conditions seemed suitable for cocoa growing,³¹ households were given what assistance was possible within existing resource constraints.

One specific measure undertaken during the 1950s by colonial officials was especially fortuitous for the subsequent spread of cocoa beyond the Gazelle Peninsula. In 1954, a research programme to improve cocoa stock had been established at Sohano in Bougainville. During the 1960s vascular streak dieback (VSD) disease attacked trees on plantations and smallholdings in East New Britain District, including the Gazelle Peninsula.³² While the disease destroyed up to one quarter of the trees on the Gazelle Peninsula, primarily but not solely upon plantations where there was a greater proportion of mature trees more susceptible to the virus, it did not spread to other areas where cocoa was grown. Because of the cocoa research being carried out on Bougainville, it was possible to prevent stock from outside the district being brought in and also to continue to upgrade plantings in other parts of the colony with improved VSD-free material.

At one time or other cocoa was also grown in Gulf, Central, Milne Bay, Northern, Manus, Sepik, Madang, Morobe, and New Ireland Districts, as well as in New Britain outside the Gazelle Peninsula.³³ At Independence, small amounts of cocoa were still being produced by smallholders in most of these districts, with over 200

31. See Chapter Two, fn.120

32. Wood and Lass *Cocoa* pp.322-329 for a brief description of the disease, its characteristics and effects, as well as the outbreak and its treatment in PNG.

33. For an account of indigenous cocoa growing on Karkar Island, Madang District Shand and Straatmans *Transition from Subsistence* pp.73-91, and for the formation of the Nalkul Cocoa Growers' Co-operative Limited within the southern Nalik villages of New Ireland, see Sumer Singh *Co-operatives in Papua New Guinea* pp.59-61. Both descriptions emphasise the early attraction of the crop in the 1950s and the more substantial plantings of the 1960s.

tonnes in each of Northern, Madang, East Sepik, New Ireland and West New Britain.³⁴

The expansion of smallholder production was deceptive, and is sometimes misunderstood.³⁵ Even as the total acreage under cocoa trees, on plantations and smallholdings, increased from less than 4,000 hectares in 1950 to over 30,000 hectares in 1959 and almost 50,000 hectares in 1965/66,³⁶ household output remained negligible as a proportion of the total. In 1966, smallholder production was still less than 1,000 tonnes while largeholding output had reached 14,658 tonnes.³⁷ That is, after almost two decades of colonial policy giving primacy to indigenous smallholder production, in cocoa the superficial appearance was that policy had little effect.

However while output remained low, by 1965 indigenous growers had planted about eight million trees, with the majority not yet mature.³⁸ By 1970/71, before the most substantial takeover of plantations occurred, the real extent of the earlier smallholder expansion of plantings became obvious. With over 8,000 tonnes, households were now producing almost a third of total PNG output of 26,000 tonnes. As well, the full effect of a major wave of new household plantings on Bougainville was yet to become apparent.

Bougainville as Exceptional Exemplar

While the Gazelle Peninsula provides the best example of how colonial development policy encouraging smallholder cocoa growing resulted in contradictory outcomes, Bougainville district is exemplary for other reasons. As with the Gazelle Peninsula, there was early post-war interest in cocoa production by wealthy Bougainvilleans. But the most important smallholder expansion in the latter district did not occur until after the 1950s, the decade during which many

34. Densley and Wheeler Cocoa Table 5, p.10.

35. See <http://www.aciar.gov.au/project/ASEM/2003/015> where it is claimed that households emerged as substantial producers upon the break-up of the 'plantation sector', presumably after the early 1970s.

36. NAA A452/1, 1958/4219 *Cocoa-Marketing of-Papua & New Guinea* c.March 1960 Note on PNG Cocoa for Department of Trade Mission to Latin America; Densley and Wheeler Cocoa p.2

37. Densley and Wheeler Cocoa Table 2, p.3

22. Densley and Wheeler Cocoa p.2

households on the Gazelle Peninsula incorporated the crop into their agriculture. The particularly rapid expansion of cocoa tree plantings in Bougainville in the 1960s meant that by the 1970s households in the district had become at least as significant for the future of cocoa production in PNG as the earlier established Gazelle Peninsula growers. In Bougainville more than twice the acreage as that on the Peninsula was planted to trees which were not yet bearing. Although in 1972/73 Gazelle Peninsula smallholders had planted over 8,000 hectares with cocoa trees, and this was an almost identical area to that planted in the Bougainville District, the earlier planting of cocoa in East New Britain meant that this area had an output predominance which would probably not last as trees aged.³⁹ The time-frame of the experience on Bougainville was in this respect more typical of cocoa growing in PNG than on the Gazelle Peninsula, with household production exceeding that from plantations only in the 1970s.

There is a further, more important reason than chronology why cocoa growing by small holders in Bougainville rather than on the Gazelle Peninsula should be regarded as the exemplar for what colonial policy intended to occur. In the former district the most substantial expansion of household planting coincided with the construction phase of the giant Panguna mine. The demand for labour to work at the mine during this phase pulled migrants from overseas and other parts of PNG. For many Bougainvilleans, however, cocoa growing acted as a brake on the movement of households off the land to wage employment at the mine. In the face of such large-scale, rapid industrialisation, with its demand for labour, the district's cocoa growers were exceptional exemplars of what colonial policy intended by way of keeping households attached to smallholdings, thus checking proletarianisation.⁴⁰ During the construction phase and early years of operation,

39. Densley and Wheeler Cocoa Table 8, p.12. Soon after Independence, as Densley and Wheeler indicate, an estimated 35,000 smallholders with at least 23,000 hectares of trees were producing about 12,600 tonnes of dry bean. About 48% of the total came from Bougainville and 37% from East New Britain, primarily the Gazelle Peninsula (p.18).

40. The extent to which this direction was still preferred twenty five years after the war ended is neatly illustrated by the following remark of the senior agricultural economist (SAE) of DAS, commenting upon a report on south Bougainville cocoa production. The SAE supported building a road linking Nagovisi to the Panguna-Kieta road. Where the main existing road went by a longer route, the proposed more direct route would substantially reduce the distance and thus transportation costs between the south-west, the major urban complex and the principal port on the east coast of the island. In order to deal with the most important likely 'negative' effect, that in

urbanisation was really only pronounced in the Kieta sub-district, making the 'mining towns of (the) Kieta/Panguna/Arawa complex...probably the fastest growing areas of Papua New Guinea...' ⁴¹

While much of the Administration's role in the District was identical to activities carried out by agricultural extension officers and other officials elsewhere in the colony, the importance of Bougainville lies in showing how - where soil and climate were especially conducive to cocoa growing - the drive to ensure that the crop was widely grown by smallholders was particularly successful.

Since the beginning of the twentieth century Bougainville had been an important area for plantation copra production. Rich volcanic soils, plentiful rainfall and sunshine made the eastern and north-eastern coasts, as well as Buka and several smaller islands, especially suitable for some of the largest plantations owned by international firms and European planters. Before World War II, labour demands for these largeholdings could not be met entirely by local populations. Recruitment from parts of Bougainville furthest from the plantations as well as other areas of PNG was an important component of largeholding operations. The 1930s depression when prices slumped eased demand for plantation workers as many largeholdings reduced their operations or cut costs while squeezing increased productivity out of a smaller labour force. ⁴²

With much of the Bougainville District subsequently at the centre of the World War II military conflict, the prolonged warfare greatly affected the capacities of the indigenous population. Many Bougainvilleans died, while disease and other forms

providing easier access for south Bougainvilleans to the mine and employment there, the road might encourage urban drift, the economist instead concluded: 'On the other hand, the incomes from their own plantations are likely to give income superior to unskilled outside employment. If facilities are available in South Bougainville so people will spend their money on goods and entertainment it seems reasonable to think that the mining complex will not hold an excessive long-term permanent attraction'. PNGNA AN 12, Box No.16,706,F/N 23-3-1(H), *Native Cocoa Projects Bougainville District* 17/2/1970 P. Emmery, SAE to Assistant Director, Development and Marketing, DASf 'South Bougainville Cocoa Production'

41. T.K.Moulik *Bougainville in transition* Monograph No.7 Canberra: Development Studies Centre, The Australian National University, 1977, p.6

42. Cf. R.Stuart *Nuts to You!* Sydney: Wentworth Books, 1977; K.Buckley and K.Klugman *"The Australian Presence in the Pacific": Burns Philp 1914-1946* Sydney: George Allen and Unwin, 1983, Chs. 12-14

of disruption occurred to affect daily life. Bombing and battles destroyed houses, food gardens, bridges, roads and paths. Taro, the most important item in household food consumption, ceased to be of importance due to the spread of a blight which virtually eliminated the crop in most gardens. No completely resistant variety was subsequently found. Sweet potato, strains of which came from other parts of PNG and were also brought by Japanese soldiers during their military occupation, replaced taro as the principal crop for household and animal consumption. Coconut trees on many plantations and in villages were destroyed. Previously cleared and cultivated areas were reclaimed by rapidly growing bush vegetation.

Post-war reconstruction placed a great strain on the indigenous population trying to rebuild houses and gardens. At the same time the re-opening and revitalizing of plantations in the district and elsewhere in the colony required large numbers of workers. The activities and ambitions of Bougainvilleans who were trying to expand their plantings of coconuts, peanuts, rice and cocoa added to demands for labour.⁴³ Having grown up in the unsettled conditions of war-time, many of the younger Bougainvilleans were unused to the disciplines of smallholding agriculture. Young males in particular either drifted to urban centres, including Rabaul, or became plantation labourers. The provision of war damage compensation often reduced the immediate need to seek wage employment, cutting the supply of labour for a short period but also boosting the longer-term attractiveness of purchased goods.

The first decade and a half after war ended was fraught with the possibility that more and more Bougainvilleans would become wage workers, depending upon paid employment to reproduce subsistence, and maintaining a marginal attachment to smallholdings. This did not occur. By the time the mine at Panguna became a major employer in the late 1960s, wage employment was less, not more important for Bougainvilleans.⁴⁴

43. Connell *Taim bilong mani* Chapters 3-4, 6-7, details the phases which each of these crops went through immediately after the war and into the 1950s for one district.

44. The success in maintaining and re-fastening Bougainvilleans' attachment to smallholdings produced considerable tension subsequently when many non-Bougainvilleans from other parts of

However by the early 1970s Bougainville was also unlike many areas of rural PNG in the extent of commercialisation of small-holder agriculture. Coconuts and then cocoa comprehensively tied household living standards to international market conditions. Bougainvilleans who lived in the crescent from Nagovisi, Siwai and Buin in the south-west and south, along the east coast of the main island through Nasioi, Teop Tinputz and to Buka Island had become more like their counterparts on the Gazelle Peninsula, parts of the coastal mainlands and the coffee-growing central Highlands.

Smallholder Cocoa

While there is some disagreement over the date of the first indigenous cocoa plantings on Bougainville, it seems likely that the process of commencement was similar to that elsewhere in PNG, including on the Gazelle Peninsula. John Connell notes that:

The first man to grow cocoa in south Bougainville was Widokuma of Mosigeta... who planted a thousand cocoa trees in March 1953. He had previously worked on a Rabaul plantation, and possibly also at Keravat agriculture station where the cocoa seeds came from....⁴⁵

The similarity between this initial planting on Bougainville and by Scarlett Epstein's first Rapitok grower, also a migrant who had plantation experience and Administration support is striking. Connell also describes subsequent plantings in Buin, again involving former plantation workers, and in 1955 and 1956 in Siwai following Administration patrols. In Nasioi, eastern Bougainville, cocoa plantings began through a similar process.⁴⁶

PNG occupied wage positions at the mine, and became a much more prominent presence in the district's main urban centres.

45. Connell *Taim bilong mani* p.108; cf. Donald D. Mitchell II *Land and Agriculture in Nagovisi Papua New Guinea* Monograph No.3 Port Moresby: IASER, 1976, pp.82-83, and Marion Ward *Road and Development in Southwest Bougainville* Research Bulletin No.62 Port Moresby and Canberra: New Guinea Research Unit, The Australian National University, 1975, p.41, whose earlier conclusion was 'Cocoa was first introduced into the area [of southern Bougainville] about 1959 and was rapidly absorbed into the subsistence gardening economy.'

46. Eugene Ogan *Business and Cargo: Socio-economic change among the Nasioi of Bougainville* New Guinea Research Bulletin No. 44 Port Moresby and Canberra: New Guinea Research Unit, ANU, 1972, pp.124-126, reports that: 'Villagers began to plant cocoa in the South Nasioi census division in 1952 with the encouragement of European plantations...The 1959 DASF patrol report estimated that there were 22,600 cocoa plants in the South Nasioi census division...Ownership of cocoa trees was generally associated with greater Europeanisation, as indicated by long-term

Initially cocoa had a limited attraction for most smallholders, especially in areas where there were few roads and limited means of getting the crop to markets or stores where consumer goods were available. Not suitable for immediate household consumption, its attractiveness as a cash crop was for wealthy growers, particularly in Nasioi, near several plantations and the port at Kieta. For much of the 1950s, rice, peanuts and revitalised coconut plantings were more attractive crops for the bulk of households in southern Bougainville, where there was only one plantation, a limited market for wet beans and little fermentary capacity.

Connell describes the mid-1950s in southern Bougainville as:

a period of uncertainty. External assistance was almost non-existent, markets were absent and the potential of crops such as cocoa was little known. Consequently enthusiasm for cash cropping was no longer as it had been in the first post-war period; migration to work in plantations restarted and there was a measure of disillusionment with the low cash returns that followed greater incorporation in the market economy.⁴⁷

Donald Mitchell goes further, claiming that in Nagovisi the first plantings were opposed by colonial officials.⁴⁸

Whether there was opposition from officials, and if it was directed primarily at planting cocoa, the formation of an 'unofficial cooperative' or the ambitions of the planter as a member of the would-be bourgeois, is hard to resolve from this distance. However colonial officials throughout PNG had been alerted to the terms under which cocoa was to be grown and processed according to the 1951 Cocoa Ordinance (see above), which attempted to regulate spacing of trees, minimum numbers planted and encourage the establishment of central fermentaries. The

contact with a European employer and/or fluency in Pidgin. All cocoa owners listed had coconut holdings above the mean, suggesting personal qualities of industriousness'. See also the case of Kepoama, whom Connell (*Taim bilong mani* pp.147-148) describes as 'the first cocoa based Siwai businessman' who served with ANGAU, was given encouragement by colonial policeman Barry Holloway, planted cocoa in the early 1950s, travelled to Rabaul to see cocoa growing there and became one of the first directors of the Siwai Rural Progress Society.

47. Connell *Taim bilong mani* p.110.

48. *Land and Agriculture in Nagovisi* p.82 where it is argued that: 'According to Nagovisi tradition, the first plantings were made at Mosigeta by a man named Widokoma, who had learned cultivation techniques while working on a plantation on the east coast [of Bougainville]. He had few imitators at first; in fact, the Administration actively opposed his efforts, which were also at that time connected with the formation of an 'unofficial cooperative', a type of organization which the Administration strongly discouraged. Nevertheless, he persisted, and over time other Nagovisi began to plant cacao also'.

1954 opening of the Sohano experimental station at Buka Passage, where experiments on cocoa growing under Bougainville conditions began,⁴⁹ aided the dissemination of information to agricultural officers and growers. Without processing centres to properly ferment and cure the crop, and adequate means for getting dry beans at a suitable quality to market, it is unlikely that at this early stage, colonial officials would have given much support to any grower producing a small quantity of beans at some distance from a plantation or other fermentary.

It was a different story within a few years: even where Bougainvilleans from one district had worked for other indigenes in a nearby district, including Nagovisi employed by Siwais during the mid- to late-1950s, this ended 'primarily because Nagovisis began to develop their own cocoa plantations'.⁵⁰ An explosion of cocoa plantings occurred in Bougainville during the 1960s. By the early 1970s, cocoa had attained a dominant position in many parts of rural Bougainville.⁵¹

Marion Ward calculates that between 1965 and 1972, there was a growth rate of plantings of eighteen per cent per annum in southwest Bougainville, incorporating the three co-operative societies of Buin, Siwai and BANA. By 1972 there were nearly three million trees and production of 1,288 tons of dry cocoa bean. This output amounted to around two-thirds of all indigenous produced cocoa in the

49. Connell *Taim bilong mani* pp.108-109

50. Connell *Taim bilong mani* p. 151. Mitchell *Land and Agriculture in Nagovisi* p.16 supports and extends this point, stating: '...although planting did begin prior to 1960, I use the date 1960 to mark the beginning of intensive cacao plantings. The knowledge that money could be earned at home, on one's own land (more precisely, on one's wife's own land) was a powerful force in recalling Nagovisi from work elsewhere. During the first half of the decade 1960-70, nearly every married man returned to work on cacao. Young unmarried men who would not in any case be planting cacao were free to work elsewhere and many continued to do so, although not on plantations. Instead, they worked in Rabaul, in Kieta town or, in increasing numbers for the copper-mining company and its subcontractors.' Ward *Road and Development in Southwest Bougainville* Ch.4, develops the point even further, noting possible variations in external employment patterns between areas in the southwest according to the periods when the most substantial cocoa plantings commenced and then were completed. Nevertheless, Ward notes (p.91) that except in two census divisions, 'the proportions of absent male workers [in the southwest] are...at the lower end of the national range...'

51. So successful was the emphasis upon planting and processing standards, that by the late 1960s, the percentage of smallholder cocoa marketed by Buin and Kieta cooperative societies and rejected at cocoa inspections was approaching the low levels attained by plantations. PNGNA AN12, Box No.16,706, F/N 23-3-1(H) 23/3/70 *Native Cocoa Projects Bougainville District* Bob Moreland 'South Bougainville Cocoa Production' Table 1; cf. Connell *Taim bilong mani* p.153, who claims: 'In 1965 Rowntrees, ultimately the main purchaser of New Guinea cocoa, refused to give a grade to Siwai production because of its taste. (Ten years later good Siwai cocoa was the best in Bougainville and ranked with any in the world.)'

Bougainville district.⁵² Although smallholders still only produced about one fifth of plantation produced cocoa in Bougainville, the extent of immature plantings soon to come into production in this district suggested the potential for household dominance of PNG's total output which occurred soon after Independence.

The expansion was encouraged and supervised by the colonial administration, although it was not until the 1960s that much in the way of agricultural extension work was carried out, as the post-war shortage of agricultural and other skilled workers began to be overcome. The primary basis of this expansion, as the colonial government and local Administration intended, was smallholders utilising family labour processes to grow and harvest wet beans. While there were some substantial indigenous growers with thousands of trees in all cocoa growing areas of the district,⁵³ most growers had a few hundred trees interplanted with coconuts and other food crops.⁵⁴

The consequences of fitting cocoa into existing ideas of the place of permanent tree crops in household gardens were two-fold. A previously 'flexible system of garden land use and re-use [had] been crystallized' by permanent tree crop plantings. Secondly, 'the normal fallowing cycle [had] been permanently disrupted [so that] practically no gardens planted during 1960-70 were allowed to fallow'.⁵⁵ That is, household labour processes and land use were intensified as a result of growing cocoa on smallholdings.

On Bougainville matrilineal inheritance seems to have been strengthened by cocoa growing which led to more fights over inheritance, as the scarcity of good cocoa

52. Ward *Road and Development in Southwest Bougainville* pp.36-37,42

53. Connell *Taim bilong mani* pp.153-154

54. The survey of 55 growers carried out during the early 1970s in the East New Britain, Bougainville and Madang Districts, suggested that growers in the first district had slightly more trees and more mature trees per household (786) than growers in Bougainville (549) and Madang (489). Bougainvilleans had more immature trees (292), than either East New Britain (175) or Madang (138) growers, with all growers considerably below DASF recommendations for the average number of trees per hectare. Godyn *An Economic Survey of Cocoa in Papua New Guinea Part III village cocoa* p.10

55. Mitchell *Land and Agriculture in Nagovisi* p.81. As Mitchell noted of cocoa growing in Nagovisi, where the bulk of plantings occurred between 1960 and 1970: 'Cacao fitted into the system of ideas about permanent tree crops without much difficulty and, if anything, the system of normative land tenure rules has been strengthened....From an outsider's point of view, however, cacao has been planted where it does not belong - with the temporary and shifting system of root-crop gardening'.

land became pronounced. There is, at least as yet, no basis for suggesting that the strategies for avoiding inheritance claims adopted by Tolai growers, and particularly those with the most extensive plantings, discussed below, were widespread on Bougainville. Instead the large growers were initially less restricted in their ability to acquire land, especially in southern Bougainville where plantations hardly existed, but they faced labour shortages because so many Bougainvillean households grew their own cocoa. Instead ambitious Bougainvilleans moved into private trading and fermentary operations.

Processing and Marketing on Bougainville

Fermenting and curing of beans, as well as marketing, also took a distinct route on Bougainville. The cooperative society model associated with processing and trading became predominant. Tussles occurred in these organisations over control of the processors and trading opportunities. The differences between Bougainville and East New Britain were striking, as 1973 figures for the different types of marketing and processing indicate. While in East New Britain:

only 3% of smallholder production was sold through indigenously owned co-operatives and companies, 50% through traders and 20% was sold directly to exporters...[in] the [N]orth Solomons [ie. Bougainville] 67% was sold to indigenously owned co-operatives and companies, 32% to traders and only 1% was sold directly to exporters.⁵⁶

With minimal buying and processing of smallholder cocoa by plantations and non-indigenous traders, the standard of processing in small bush fermentaries was generally low. To counter this, the colonial administration pushed for improved fermenting in the main south Bougainville growing area. Along with the setting up of an agricultural station at Konga in Siwai, to replace a station closed at Buin, in 1956 the first agricultural officer was permanently posted to the area. Kevin Tomlin played a major role in establishing the Siwai Rural Progress Society (later the Siwai Cooperative Society) to encourage and organise production and marketing in an area which he saw as having 'great potential'.⁵⁷

Initially heavily involved with rice and copra production and marketing, the leadership of the Society was clearly in the hands of the emerging bourgeoisie with

56. Densley and Wheeler *Cocoa* p.18

57. Connell *Taim bilong mani* p.112

work experience away from Siwai. These cooperative officials were already growing cash crops, including cocoa, and were not the old guard of traditional leaders. Tomlin, with knowledge of how Rural Progress Societies operated in the Sepik and Madang, arranged for the first seven directors to visit East New Britain 'to see the Native Cacao Scheme, Local Government Council organization, Vudal Land Settlement Scheme and anything else of Interest' as part of being "well and truly indoctrinated on the subject of economic development and what is entailed in bringing it about".⁵⁸

In the late 1950s, along with the general disinterest in cocoa growing in south Bougainville, the Society was little involved with the crop, and languished as an organisation.⁵⁹ Only from 1960, when the Siwai Local Government Council, with the Teop-Tinputz LGC, were set up as the first on Bougainville, did there occur the necessary political changes which were more favourable for increased agricultural activity by smallholders. A direct connection between administrative authority and household production was forged, with cocoa and to a lesser extent expanded production of other crops and marketed goods, embodying the link. As Connell indicates, by August 1960 at the seventh meeting of the Siwai LGC, the Council:

were becoming more ambitious; they requested [of the Administration] an aircraft landing strip [to cut out carrying cocoa and coffee over the long road to Buin] but they were [also] beginning to evolve their own ideas on the organization of commercial agriculture.⁶⁰

These 'ideas' included opposing the 500 tree minimum required under the 1951 Cocoa Ordinance, in favour of allowing smaller plantings as the basis for subsequent expansion, and pushing for all households to be required to devote more labour time to growing cocoa.⁶¹ The Council also appointed its own indigenous agricultural officer, a director who already had planted his own cocoa

63. Connell *Taim bilong mani* p.117. The latter phrase regarding indoctrination appears in a direct quote by Connell from a memo Tomlin wrote to the District Commissioner, ENB.

59. In nearby Nagovisi, the Rural Progress Society formed in 1957-58 had a brief existence, going into liquidation two years later. The 1966 formation of the BANA (BAitsi/NAgovisi) Local Government Council and the most substantial form taken by the BANA Society occurred simultaneous with the major increase of cocoa output in the area. See Mitchell *Land and Agriculture in Nagovisi* p.16, pp.82-84

60. *Taim bilong mani* p.126

61. Ogan *Business and Cargo* p.126, states the idea of expansion, to eventually reach a 15 acre, 3,000 tree holding, from the 2 ½ acre, 500 tree minimum became a DASF guideline for a man and wife plus two adult male children household. Cited also in Connell *Taim bilong mani* p.143

holding. In the early 1960s, the overlap between the LGC and the Society became considerable, with similar subjects and activities being discussed and proposed at meetings of each. Still, with few mature trees and cocoa bean to buy and sell to exporters, the Society developed little momentum. Standards of processing in small bush fermentaries continued to be so low that the first cocoa from local sellers taken by the Society to Rabaul was rejected by the Administration's cocoa inspectors.

Experience of the importance of fermenting and curing quality, combined with the rapid increase in trees planted and maturing, pushed the Society into constructing and owning fermentaries, as well as continuing to purchase beans. The expansion took the Society beyond Siwai into surrounding areas, including Nagovisi and Buin,⁶² where there were either similar existing organisations or embryonic forms of cooperatives. Not only did the standard of Siwai Cooperative Society marketed cocoa improve dramatically during the late 1960s and 1970s (see above), the Society itself became a model for other indigenous operations.⁶³

However contrary to the Siwai direction of better quality cocoa processed at larger, centralised fermentaries, at the same time the increase of cocoa growing on widely dispersed smallholdings also made it possible for more and more small fermentaries to be constructed throughout Bougainville. These remained unregulated. Only cocoa inspection at major centres and the quality standards imposed by exporters imposed sufficient discipline on the processing which was occurring at these other fermentaries.

In 1974, under the recently introduced Cocoa Industry Act, the newly formed Cocoa Industry Board was given wide powers, including the power to register fermentaries. Soon after Independence registration became obligatory but this remained little more than a revenue raising procedure. No action was

62. Connell *Taim bilong mani* p.153

63. Connell *Taim bilong mani* p.153, states that: '...by 1965 the developments in Siwai were considered to be the best in Bougainville. Just as Siwais had gone to New Britain to see how cocoa was grown and societies operated, so, in its turn, the Siwai Society became a model of integrated development, based upon cocoa, and there were official visitors from Buin, Kieta and Buka, all areas which had hitherto been in advance of Siwai in terms of cash crop expansion'.

taken to limit the number of fermentaries or impose other than minimum requirements on fermenting equipment as a condition of registration. This absence of administrative limits upon fermentary operations resulted in '...the growth of individual very small scale fermentaries operated by village groups or individuals'.⁶⁴ Increasingly the proliferation of these fermentaries not only threatened the more centralised co-operative society operated processing centres, but the quality of exported cocoa as well. The colonial administration's efforts to ensure that smallholders produced high quality fine and flavour cocoa became a fading memory.

If Bougainville was the exemplar for intentional development policies and the expansion of smallholder cocoa growing, on the Gazelle Peninsula capital accumulation clashed with intentional development in an especially pronounced manner. While the post-war drive by indigenes to plant, harvest and process cocoa for international markets was not confined to the Gazelle Peninsula, nevertheless it was here - where the European owner-occupiers and international companies also were especially important in largeholding agriculture - that the most substantial initial drive commenced. Subsequently, as noted above, the increase in plantings in the Bougainville District came to equal those in East New Britain. But the nature of the experience with cocoa production on the Gazelle Peninsula diverged substantially. Because of the differences, and what occurred in this area to change late colonial and self-government development policy and practice for PNG, cocoa production among the Tolai needs to be given separate, detailed consideration.

Cocoa production on the Gazelle Peninsula

The early post-war experience of cocoa growing in the favourable climatic and soil conditions on the Gazelle Peninsula has already been outlined in Chapter Two. From a very minor place in the indigenous economy between the wars, cocoa was first taken up by wealthy Tolai and then extended more widely to smallholders to the point where it became a 'staple crop'.⁶⁵ Previous plantation experience provided some of the resources, including agricultural skills, which made the subsequent expansion of indigenous agriculture possible. In selecting Rapitok, a

64. Densley and Wheeler *Cocoa* p.11

65. T.S.Epstein *Capitalism, Primitive and Modern* p.61

settlement at the frontier of Tolai lands, Epstein indicates the means by which land planted to commercial crops was extended where population pressures were not greatest.

Epstein's exemplary former migrant who commenced cocoa growing in Rapirok also provides an informative instance of the process by which a member of the indigenous class of capital emerged. Commencing with funds acquired from plantation employment, the wealthy Tolai extended his activities through cocoa growing on land acquired through his father's matrilineage. His first income from the cocoa went to provide a feast for the elders who, with no experience of working outside the parish, initially opposed his planting cocoa.⁶⁶

The circumstances in other Tolai parishes differed in important respects, even if the over-all consequence was also a drive to expand plantings of cocoa trees. Salisbury details how three years after the Kerevat LAES Station began to revitalise its cocoa trees in 1946, seed was available for planting in Vunamami Village, near Rabaul. Vunamami was, in Salisbury's words, 'an "exceptional" village, not only for New Guinea as a whole but among the Tolai'.⁶⁷ The exceptionalism arose because of the early contact between villagers and European missionaries and traders, as well as the extensive alienation of land for plantations in Vunamami and nearby villages. Vunamami was densely populated, with a long history of contact with plantation and administrative personnel. Unlike Rapirok, at the frontiers of Tolai settlement, Vunamami was one of the oldest established, wealthiest as well as most politically advanced villages. Indeed the first planter, Enos Teve, was a senior political figure, who planted cocoa on his own and his wife's clan lands in proximate Balanatom and Vunamami villages.

Villagers received seed through DASF Extension officers, as part of a widespread process of distribution in Tolai areas.⁶⁸ Between 1950 and 1952, there was a burst of smallholder plantings, with a decline over the subsequent three years, and a

66. Epstein *Capitalism, Primitive and Modern* p.61

67. Salisbury *Vunamami* p.14

68. Salisbury *Vunamami* p.56, pp.135-144

further steady increase for the remainder of the 1950s and into the early 1960s. If the initial indigenous cocoa growers tended to be older and wealthier, subsequently:

...[the] second planters tend to have been smaller landowners, younger men newly acquiring land, or women tending small numbers of trees.⁶⁹

Distributing seed was one thing, ensuring the optimum conditions for planting and cultivation another. In Vunamami, the enthusiasm of senior men with access to 'unused garden land or plots in ravines' meant sole cocoa, without leguminous or other shade, was planted using 'needed labour from their clan dependants'.⁷⁰

Driven by the desire to accumulate but without previous experience growing cocoa and no colonial supervision, some of the initial plantings of the older, wealthier men were unsuccessful.⁷¹

As DASF Acting Director Henderson subsequently re-emphasised (see above), the scheme of smallholder production required active official coordination and supervision. If cocoa production by households was to expand efficiently and rapidly, the anticipatory component of intentional development was as important as learning through experience. Indigenous growers could not be left entirely alone on a broad scale to find out through failure what was already well known, including that proper spacing of trees and shade increased yields while reducing labour requirements. The early Gazelle experience reinforced the official awareness of what needed to be done. If all PNG cocoa exports were to meet international market standards, then smallholders had to be required to attain the same levels as plantation producers. Where household production was most advanced, coordination and supervision also had to be developed. Because little could be done about the spontaneous planting of trees by households, official attention was directed to processing conditions.

69. Salisbury *Vunamami* pp.135-136

70. Salisbury *Vunamami* p.136

71. Salisbury *Vunamami* pp.136-137, notes that: 'Some of the earliest plots, planted without supervision by Agricultural Extension Officers, proved worthless after a few years. The most productive plots were those planted later in regular rows, under supervision, on the flat lands near Lumluvur, where many [coconut] palms had been destroyed [during the military action]. Standing coconuts were left for shade, as were those newly planted before 1950. By 1956 it was apparent that cocoa grew well, and with the least amount of care, under the high canopy of established, close planted palms. Small coconut growers realized that they could interplant with cocoa and so the number of growers increased'.

*Export Standards, Households and the Tolai Cocoa Project*⁷²

The connection between cocoa production and the construction of five Local Government Councils (LGCs) in the Gazelle Peninsula was particularly important for official efforts to coordinate and supervise smallholder cocoa.⁷³ As discussed in Chapter Three, the principal initial purpose of forming LGCs in the colony was to secure increases in the labour productivity of households.⁷⁴ Where output of smallholder cocoa was an important measure of these increases, coupling the establishment of fermentaries to the development of LGCs in the most substantial area of cocoa production seemed to provide an especially significant opportunity to further the economic and administrative objectives of colonial rule.

Almost from the outset of cocoa growing on the Gazelle Peninsula, numbers of trees planted as well as anticipated output suggested the need for new fermentaries and drying facilities close to the areas of most rapid expansion.

72. There is as yet no comprehensive history of the Tolai Cocoa Project (hereafter the Project), despite the extensive documentation which is available. The brief summary presented here has been drawn from a large number of official files available in PNG and Australia, secondary sources, published as well as unpublished material and interviews with former colonial officials involved in administering the Project. See also: Williamson 'The Tolai Cocoa Project'; K.R.Gorringe 'The Tolai Cocoa Project, New Guinea' *Cocoa Grower's Bulletin* v.6, 1966, pp.27; Epstein *Capitalism, Primitive and Modern* Ch.6; Salisbury *Vunamami* Chapter 7; Wright *State Practice and Rural Smallholder Production* Chapter pp.348-356; PNGNA Department of Primary Industry Box No. 16,705, F/N 23-3-1(a) Part 6 *Cacao Fermentaries-Gazelle Peninsula (Tolai)* Tolai Cocoa Project 'A summary report prepared by the Department of the Administrator from material submitted by the Departments of Agriculture, Trade and Industry and District Administration and outlining developments up to March, 1966'; M.B. Allwood *A Report on the Tolai Cocoa Project* Port Moresby: Department of Law, May 1971

73. In 1950, Native Local Government Councils were proclaimed for the Rabaul, Reimber and Vunamami areas. Two years later, the Vunadidir-Toma-Nangananga Council was proclaimed and next year the Livuan LGC was proclaimed. 'These five Councils covered most of the area of the Gazelle Peninsula and included most of the Tolais with some notable exceptions such as the Navuneram and Raluana areas who were even this early opposed to local government as such.' Allwood *A Report on the Tolai Cocoa Project* p.2. These five LGCs were subsequently amalgamated into four councils, with Reimber-Livuan joining together, and in 1964 a further concentration produced one single Gazelle Peninsula Local Government Council. In 1969, the transformation of this Council into a multi-racial organization which covered non-indigenous residents of the Peninsula as well as indigenes, with the former also eligible to vote and hold office, prompted widespread protests and gave further impetus to nationalist expression through the Mataungan Association (see below).

74. See also Wright *State Practice and Rural Smallholder Production* Chapter 8, and especially p.344.

Conditions on the Gazelle Peninsula that give rise to a relatively brief period of the main cocoa flush when pods ripen, further strengthened this requirement.⁷⁵

However centralisation of processing in factories could take a number of forms, including on plantations and separately constructed by private owners and operators. The form initially preferred by the Administration, some of the most influential and successful Tolais and many household growers resulted in the construction and operation of eighteen LGC-affiliated fermentaries. These were operated under the Tolai Cocoa Project, which processed and then sold to exporters the largest proportion of the smallholder crop during the early period of cocoa growing. However as will also be shown, the Administration's commitment to individual property rights and competition meant that other Tolai as well as non-indigenous traders and fermentary operators were always able to build and operate private fermentaries. These continually attracted a share of the total smallholding output and threatened the viability of the TCP.

Wright, following and elaborating upon Scarlett Epstein, explains that the Project went through three phases.⁷⁶ The first phase began when the Vunamami Council utilised revenues to build a cocoa fermentary and followed a failure by individual growers to process their beans at Malekuna/Malakuna, when the Vunamami Council utilised revenues to build a cocoa fermentary.⁷⁷ Salisbury notes a similar

75. Cocoa pods ripen over a fairly lengthy period, of anywhere between 165 and 200 days and on average about six months after fertilising the flower takes place. Because of weather and other factors, while some cocoa ripens over much of the year, there tends to be one or possibly two flush periods varying from a few weeks to around two months when most pods ripen. In the Gazelle, the main flush and thus the greatest need for fermentary capacity occurs each year over a short period, of six to eight weeks in May and June. Allwood *A Report on the Tolai Cocoa Project* Part 9. The main flush period occurs slightly earlier on the Gazelle Peninsula than it does in the other main cocoa producing areas of Bougainville and Madang. See Godyn *An Economic Survey of Cocoa in Papua New Guinea* Part III village cocoa Table 2, p.4

76. Wright *State Practice and Rural Smallholder Production*

77. Williamson 'The Tolai Cocoa Project', p.594 generalises the 1951 experience with growing and processing, stating: 'Although marketing of beans did not reach substantial proportions, there was already evidence that processing of beans was haphazard and standards were generally low. Production was distributed among numerous growers on smallholdings acting independently and in consequence there was no strength in the marketing procedure from the producer's end.' Williamson then emphasizes the consequences of inefficient processing and marketing procedures for the local and Territory economies, repeating points noted previously of the need to produce a uniformly high quality product to maximize prices on world markets and 'avoid at all costs the disasters which had occurred among peasant cocoa producers of Ghana.'

impetus for setting up a cocoa fermentary at Ngatur on a plot of land which had previously been planted to coconuts.⁷⁸

The initial prestige of the Councils among many Tolai encouraged Administration officials, Councillors and leading cocoa growers alike to agree on the need for 'non-profit fermentaries' based upon elected LGCs which would 'process and market individual growers' beans'.⁷⁹ In 1951, the Vunamami LGC provided £A240 from revenues for the Ngatur fermentary, and £A64 for the construction of sun drying facilities. Two years later, the Reimber/Livuan LGC allocated funds for a processing centre at Pelegir. Critically, at this stage, no growers individually provided funds. Each grower who decided to have wet beans processed and marketed to an exporter by a fermentary, was required to register with that fermentary. The fermentary subsequently marketed the beans under its own name, but ownership of the beans remained with individual growers. Until the late 1960s, growers were paid in two tranches, an initial advance or part-payment upon delivery of the wet beans and a final payment once the beans had been sold and operating costs of the fermentary deducted.

The early difficulties of the cooperative movement in the Gazelle, which was primarily involved with copra marketing and consumer goods retailing, ensured that in this area the cooperative model was not adopted for cocoa processing and marketing.⁸⁰ Instead the emphasis was placed upon the construction of LGC fermentaries which would maximize returns to growers who retained individual ownership of 'their beans' at all times. Even if subsequently the public utility appearance of the fermentaries and the maintenance of individual ownership of beans would undercut the Project (see below), at the outset each made the Project more attractive to most growers as well as to the Administration.

78. Salisbury *Vunamami* p.256, states that: 'the Council had set up the fermentary on the same plot of land, ostensibly to provide for the active individual politicians and entrepreneurs who were privately growing cocoa'.

79. Allwood *A Report on the Tolai Cocoa Project* p.2, citing Department of Agriculture History of Tolai Cocoa Project 1965

80. Epstein *Capitalism, Primitive and Modern* p.118

In the second phase of the TCP, the Administration provided loans, both low interest and non-interest bearing, to Reimber/Livuan, Vunamami and Vunadadir LGCs to further increase capacity and improve equipment. As well, some funds were provided by growers who relinquished final payments from a number of consignments that had been sold. These growers were subsequently repaid.⁸¹

However the rapid increases in output as more and more trees were planted and earlier plantings matured, soon exerted pressure for fermentaries with even greater processing capacity in all LGC areas. A serious over-estimation of yield per trees, which amounted to almost doubling the actual yield of dry beans received, to 4 lbs per tree instead of 2.2 lb, made the position appear even worse. A 1955 estimation of fermenting and drying capacity needed in the Gazelle concluded that twelve fermentaries would be required to process smallholder output, at a cost of approximately £80,000.

Funding this expansion was beyond the capacity of the LGCs and the Administration. The third phase, which effectively continued until the TCP was privatised in 1971, involved private capital underpinning the increase in the number of fermentaries built and the growing sophistication of the equipment employed to process wet and dry beans. Provided with the appropriate collateral of assets from the councils, which could not include titles to land and a guarantee by the Administration, the Bank of New South Wales (henceforth the Bank) agreed to lend up to £A80,000 to the councils at 4 $\frac{3}{4}$ % interest per annum.⁸² The first loan was made in 1956. Over the next four years, there were two further increases in borrowings. The peak of the loan commitment by the Bank reached £A227,000 in 1960, while the maximum actual borrowing occurred in the following year at £A177,930. In 1961 the balance in the redemption account, representing repayments from the levy of £35 per ton of dry bean sold, was £78,133. The net balance of indebtedness was less than £100,000. As a consequence of the

81. For two conflicting accounts of how the growers were repaid, see Allwood *A Report on the Tolai Cocoa Project* p.4

82. The Allwood account *A Report on the Tolai Cocoa Project* p.5, gives January 1956, after the Administrator provided the guarantees to the Bank of New South Wales as the end of the development phase and the official commencement date of the Tolai Cocoa Project.

prudent operation of the Project, the Bank agreed to a reduction in the redemption rate, from £35 per ton to £30 per ton.⁸³

The Bank loan for plant and equipment was not the only money capital employed. In 1958, a Bank overdraft of £A20,000 for other operating expenses was negotiated: three years later, the overdraft limit was raised to £A30,000. With this support from the Bank, plus the continuing absorption by the colonial government of the salary and other costs of Administration personnel working on the TCP, the Project was able to expand the number of fermentaries. By 1964, at which time the four LGCs had been consolidated into a Gazelle Peninsula LGC, the TCP consisted of eighteen fermentaries. At its peak, just a few years later, the annual output of these fermentaries was more than 1500 tons of dry bean. The Tolai Cocoa Project became the largest non-plantation exporter of cocoa, with the produce from some fermentaries obtaining premium prices on international markets.

The TCP Under Increasing Pressure

Between 1961 and 1965 smallholder production on the Peninsula increased to over four thousand tons of dry beans, from more than four million mature trees, with 3.6 million of those registered. However at the same time as the total output of wet beans increased, the TCP share of beans processed declined to little over one third. In 1967, the management of the Project was changed and the Project was vested entirely in the newly formed Gazelle Peninsula LGC. The two payment system for wet beans ended. Payment by the TCP to growers was changed to the same one payment arrangement practised by private traders. Fermentaries were also opened to receive beans for six days per week, instead of the previous five.

These changes appeared to breathe new life into the TCP. While smallholder production remained below the 1965 peak, the Project increased production by gaining a greater share of smallholder wet beans, which in 1968 reached sixty three per cent of the beans grown. A (short-lived) price stabilization fund was introduced and in February 1968, a conference decided on a policy of centralizing

83. Allwood *A Report on the Tolai Cocoa Project* Part 1, pp.5-6

fermentaries. It was decided that the number of operating fermentaries would be reduced to three, at Volavola, Vunakanau and Malapau, with former fermentaries continuing as buying points for wet bean. This bean was transported to the three surviving processing centres. However resistance to the closures meant that 'although initially some of the fermentaries in the Gazelle were closed, most appear to have re-opened',⁸⁴ and the anticipated benefits for the TCP of centralising processing did not necessarily occur.

By mid-1968, the initial Bank loan for building and equipping fermentaries was repaid. However the Project was forced to increase its overdraft limit to \$A300,000 to accommodate increased operating costs.⁸⁵ In 1968, responding to demands from growers, the Project also began purchasing coconuts. These were processed into copra in a recently constructed copra dryer.

The improvement in the Project's trading position was brief, however. Over just nine months, between May 1969 and January 1970, its share of smallholder cocoa declined to thirty two percent as other processors gained the ascendancy. What had become a profitable operation soon changed so that it appeared unlikely the Project could repay a sizable Bank loan obtained to construct the ultra-modern central fermentary opened in 1969 at Volavola.⁸⁶ The Administration again turned to a Sydney adviser who repeated his earlier recommendation for privatisation of the TCP. On July 15, 1970 a special meeting of the Gazelle Peninsula LGC adopted this recommendation, as did the Director of Agriculture. Over the next year, a conversion programme was put into effect. Why the TCP, an organisation affiliated to and supported by the Administration, Local Government Councils and many growers, was wound up is now explained. To do so, it is necessary to examine important features of the Project's management and ownership.

84. Allwood *A Report on the Tolai Cocoa Project Part 2 'Management Structure'*, p.9

85. In February 1966, the Australian currency was changed from £A to \$A, with the latter legal tender in PNG until April 1975, when the national currency, kina and toea, was introduced

86. Allwood *A Report on the Tolai Cocoa Project Part 1*, pp.7-11

TCP's Management-a contested realm

Since the 1950s, the dominance of the Administration in determining the operations of the TCP had prompted much local criticism. The objections reflected the economic and political tensions inherent in the structure of a public utility. While 'the establishment of the Project was due entirely to the efforts of the Administration who wished to avoid some of the problems [with] which West Africa had had to deal over the years',⁸⁷ there was also, as noted above, the need to restrain 'the wealthy' in an area of PNG where these were especially advanced.⁸⁸

The structure of the TCP's administration and management up until 1967, when the project was effectively passed to/taken over by the Gazelle Peninsula LGC, ensured the Administration's continued authority and tied this to the provision of loans. In 1955, when the first Bank loan was being negotiated, an 'ad hoc committee' to provide the overall administrative direction was established in Port Moresby.⁸⁹ On the Gazelle Peninsula, four Council Cocoa Committees were established to run the fermentaries. Committee duties included over-seeing the disbursement of loan funds for fermentary construction, the control of policy and the operations of each fermentary in the appropriate council area. These Council Committees were dominated by a General Manager, from the Department of District Affairs, a Field Manager from the DASF and an Accountant - all employed and paid for by the Administration.⁹⁰

Little changed with the 1958 formation of a Board of Management for the Project that included a representative from each fermentary, by then eighteen, as well as a representative from each Council. Control was still exercised through five Administration officers on the Board. The District Officer was Chairman, and there were an Executive Officer, a Field Manager, an Accounts Officer and the District

87. Allwood *A Report on the Tolai Cocoa Project* Part 5 'Administration Involvement' p.1

88. Epstein *Capitalism, Primitive and Modern* Chs. 1-4; Salisbury *Vunamami* Part 1-2; A.L.Epstein *Matupit: Land, Politics and Change among the Tolai of New Britain* Canberra: Australian National University Press, 1969, Ch.1

⁸⁹ This committee consisted of the Chief of the Division of Agricultural Extension, DASF, and the Chief of the Division of Development and Welfare, Department of Native Affairs, consulting with the Administrator.

90. Williamson 'The Tolai Cocoa Project' pp.596-597

Agricultural Officer. '[A]t the fermentary level the "didiman" [agricultural officer] and "kiap" [district officer] supervised operations'.⁹¹

The selection of the local representatives for the Board of Management showed the extent of the Administration's authority, but also the continuing push by the most substantial growers to dominate the TCP. This push was conveyed directly to the most senior levels of the colonial administration.⁹² In September 1957, J.C.Lamrock, the Senior Agricultural Officer (SAO) to whom Conroy had written, showed a clearer understanding of the implications of letting the biggest producers dominate the management of fermentaries. For the drive by wealthy Tolai to have more influence on the TCP's operations came at the same time as Councils and local district agricultural officers were in agreement on the need to stop the erection of 'bush material' fermentaries. These were privately owned by Tolai individuals for the processing of their own and purchased wet bean. The central Administration was opposed to any restraints on such operations, and could block Native Local Government Council rules 'as restrictive in principle' and thus invalid.⁹³ However SAO Lamrock was not prepared to let the large producers have complete dominance of indigenous representation on the Project's Board of Management.

He proposed a compromise to be applied to each Council Cocoa Committee, where the five paid Administration personnel held near-complete authority. Lamrock recommended that five grower representatives be appointed, but not as proposed by the Chief of the Agricultural Extension Division. In a letter addressed

91. Allwood *A Report on the Tolai Cocoa Project* Part 5, p.2

92. PNGNA Department of Primary Industry Box No.16,704, F/N 23-3-1(a) Part 1 *Production and Marketing-Native Projects Cacao Fermentaries-Gazelle Peninsula* 7/8/1957 W.L.Conroy to Senior Agricultural Officer (SAO), Rabaul. In August 1957, W.L.Conroy, Chief, Division of Agricultural Extension wrote to the Senior Agricultural Officer, Rabaul: 'When I visited the project early in the year some growers expressed to me the view that the prime say in management of the affairs of the fermentaries should be with the biggest producers. I am inclined to think there is a lot in this, for example it would give men like Tomariba a chance to transmit their personal efficiency to the fermentary management. I could envisage that, say there are to be five grower representatives on each fermentary Committee, they should be the five heaviest deliverers of wet bean at last flush. It is not democratic but may well make for smoother performance at present. Please give this your personal consideration and discuss its feasibility with the Department of Native Affairs staff and let me know opinions at earliest. Perhaps the Councils themselves would approve this course of action'.

93. PNGNA Department of Primary Industry Box No.16,704, F/N 23-3-1(a) Part 1 *Production and Marketing-Native Projects Cacao Fermentaries-Gazelle Peninsula* See correspondence of early 1958 on Rule 9 of NLGCs.

above Conroy's head to the Director of DASF, Lamrock suggested that there should be three large and two small growers on each committee.⁹⁴ That is, the large grower push could be contained within a form which protected small growers, assuming the local Administration personnel were of like mind or willing to accept instruction from the SAO. As long as the Administration continued to provide substantial assistance to the Project, none of it costed or charged out,⁹⁵ protection of smallholders against the drive by indigenous accumulators could to an extent continue within the Project.

Encouraging competition was also a central component of colonial policy, so the protection was limited. After the mid-1950s, as the post-war shortage of cocoa was replaced by fluctuations between supply and demand, the changes also affected the competition between traders and fermentaries to obtain smallholder produce. As trees matured and production increased, this competition intensified further. In the competition, the continuing Administration dominance of the TCP's management could be used against the Project by indigenous as well as non-indigenous commercial concerns. The privatisation of the TCP showed to what extent the Project, having initially provided space in which household production could be expanded, had lost support commercially as well as politically among the most powerful Tolai. The second major arena of tussle, after management, concerned ownership of the project.

94. PNGNA Department of Primary Industry Box No.16,704, F/N 23-3-1(a) Part 1 *Production and Marketing-Native Projects Cacao Fermentaries-Gazelle Peninsula* 2/9/1957 J.C.Lamrock, SAO, Rabaul to Director, DASF

95. Allwood *A Report on the Tolai Cocoa Project* Part 5 'Administration Involvement' provides several statements, prepared from the late 1950s to the late 1960s, on the extent of the subsidy provided to the TCP by the Administration as well as an assessment of the effect of withdrawing the subsidy. 9/2/1960 Executive Officer, TCP to Chairman, TCP 'At present the Project is still heavily subsidized by the Administration when one considers the European staff salaries which are not charged to the fermentaries. Office space is free, electricity for the office is free. These costs would of course be borne by the Project if it were (an) independent business undertaking, and should the policy be adopted to eliminate the Administration subsidy completely, then I consider it quite likely that the Project's fermentaries would not be able to pay much more, if any more at all, than private traders.' A December 1968 memo to the Assistant Administrator (Economic Affairs), which takes up almost a foolscap page of paper, listed all the forms of assistance provided free of charge to the TCP.

Fermentary Ownership

An important Administration objective was served by tying the fermentaries to the LGCs as a public utility. Such tying could 'overcome any difficulty there might be in collecting share capital from growers'.⁹⁶ Collecting share capital from individual growers would open ownership of fermentaries to different forms and amounts of share ownership, and through trading in shares make the ownership of fermentaries subject to the process of accumulation. This process could also undercut a major objective of colonial policy, that all growers' incomes would be optimized by continued ownership of 'their' crop until sold to international trading firms. Such optimization was central to making household production of crops, including cocoa, preferable to wage employment. Privately owned fermentaries, on the other hand, purchased wet bean, at which point the growers lost all proprietorial rights and possibilities of further income increases in the produce as a consequence of processing.

From January 1956 onwards, TCP growers were levied on a tonnage basis for the repayment of the loans provided by the Bank of New South Wales. Growers, particularly those who produced more cocoa and therefore per person paid more of the levy, increasingly conceived of this as a payment which acquired equity in the fermentaries constructed and operated with the borrowings. Regularly aired at meetings, the grievance of larger producers became most significant when in 1971 no shares were given to TCP growers in the privatised New Guinea Islands Produce, and this firm obtained the assets of the TCP at a bargain-basement price (see below).

Although it was the Councils and the colonial administration which provided collateral for and ultimately guaranteed repayment of the loans, the fact that repayments in full were always made, easily gave the impression that such backing, however necessary from the Bank's perspective, was rather meaningless. Growers' efforts repaid the borrowings which made the building and equipping of fermentaries possible: therefore, went the reasoning, growers, and especially the

96. Allwood *A Report on the Tolai Cocoa Project* Part 4, p.2

more substantial growers, owned - or at least had substantial equity in - the fermentaries. These growers expected to be beneficiaries if and when the Project was wound-up and its assets privatised. That this did not occur only intensified the dissatisfaction with colonial development policy from the wealthiest Tolais who had continued to have their cocoa processed at project fermentaries. Privatization was hastened by another aspect of colonial policy, which had been challenged since the late 1950s.

Competition from processors and traders

The success of the late colonial drive to increase smallholder production of export cocoa had created more space within the cocoa-growing areas for trading as well as manufacturing, processing, capital. That is, increasing the productivity of households by raising the output of marketed crops and consumption of purchased goods enlarged the space for traders but also encouraged the building of other, non-Project fermentaries. This space was further enlarged through the continuing conflict between two aspects of Administration policy to maximize the income of smallholder producers.

Processing cocoa in Tolai Cocoa Project fermentaries had been in conflict with another policy direction. The latter policy refused to limit the operation of traders and other fermentary owners, many of them local Chinese, who competed with the LGC owned and operated fermentaries. Despite the frequently expressed desire of many Tolai growers and political leaders to stop smallholder sales to private traders and strengthen the position of LGC fermentaries, the colonial administration refused to restrict competition in this manner. Once again one aspect of policy, which buttressed the spontaneous process of capitalist development, collided with and over-rode what the Administration intended as a principal means for securing household production.

Even before the formal inception of the TCP in 1956, a substantial amount of smallholder cocoa had been sold to traders and nearby plantations for processing in non-TCP fermentaries. Before and after 1956, this activity continually led to public criticism by Project supporters and to demands for action to make these

sales illegal. In the late 1950s several LGCs passed regulations prohibiting the activity and imposed fines upon some Tolai. However the Administration, through the Crown Law Department, ruled that council legislation prohibiting the sales and imposing fines for transgressors was *ultra vires*. The legislation had to be rescinded but the criticism did not cease.⁹⁷ Although changes in payment policy and in operations improved the TCP fermentaries' position in obtaining a greater share of an increased total smallholder output in the late 1960s, as already noted the Project never held unchallenged dominance.⁹⁸ The decision to close down many TCP fermentaries and centralise production in just three fermentaries also reduced the amount of bean processed.⁹⁹

In the late 1960s, some of the loss of grower support for the Project can also be explained by mounting opposition from the nationalist Mataungan Association (MA).¹⁰⁰ However that the growing nationalist sentiment on the Gazelle Peninsula of the 1960s and early 1970s did not turn indigenous growers even more towards the TCP and away from non-indigenous traders and fermentary owners suggests the need to find another possible explanation for Tolai sales to non-TCP fermentaries and traders. This explanation needs to encompass the tussle that had been central to indigenous cocoa production throughout and which continued in the self-government period.

The Clash: Indigenous capital against household production

It has been argued that the most important explanation for the attractiveness of selling cocoa to traders rather than having wet bean processed and sold by the

97. As Epstein notes, in support of the TCB aim to secure a monopsony over Tolai cocoa processing, there was 'a motion proposed by a leading Tolai and passed by a large majority' at a January 1961 meeting of the Board of the TCP which requested that the Administration 'bring in legislation to compel all Tolai people within council areas to take their wet beans to council fermentaries'. *Capitalism, Primitive and Modern* p.121.

98. Epstein *Capitalism, Primitive and Modern* Table 19, p.16; Allwood *A Report on the Tolai Cocoa Project* Appendices A and B

99. Allwood *A Report on the Tolai Cocoa Project* Part 2 'Management Structure' p.9 cites Mr K Gorringer, Manager of the Project, as claiming 'that it was due to the endeavour to centralize that the present [late 1960s and 1970: SM] downward trend in input can be attributed'.

100. Allwood *A Report on the Tolai Cocoa Project* Part 1 'A History of the Project', p.10 cites a Department of Agriculture history of the TCP: This drift away from the project was concurrent with extreme political unrest in the Gazelle-namely, between the Gazelle Council and the Mataungan Association. It was reported that the Mataungan Association in their bid to rid the area of the Council used the project as a financial lever as they felt that by destroying the project they would in turn destroy the Council.'

TCP lay not in the immediate realm of financial return but in the growing clash between 'tradition', represented by matrilineal inheritance patterns, and 'modernity'. The latter described the desire of cocoa-growing males to hide the extent of their holdings so that these could be passed on to their sons according to rules of patrilineal descent.¹⁰¹ In short, the requirement of the TCP that producers register with the project as a condition of accepting wet bean for fermenting and curing laid male producers open to scrutiny by members of the matrilineage upon whose land the cocoa was grown, as well as their own kin. The latter could easily find the extent of tree ownership and output from the register.

Such scrutiny would eventually preclude plantings from being passed on to sons, as the senior males desired and instead subject the plantings to disputes about ownership between the land-owning matrilineage and the kin-group of the trees' owners. In this dispute, the intentions of the owner-producers - for the trees to be inherited by their son(s) - would only rank as one determinant among many of the outcome.¹⁰²

When land boundaries had not been formally surveyed and registered, and disputes were settled by leading elders, inheritance became even more uncertain. Cash which could be 'hidden' became especially attractive. While there were some means of circumventing the difficulty, such as by registering a son or sons as the owner of trees on matrilineage lands, none of these was without its own possible problems. Instead by not selling a substantial portion of cocoa to the TCP, a grower-producer - especially one cultivating many trees on lands obtained through several distinct arrangements - could accumulate the funds, deposit the money in bank accounts or engage in other commercial activities with less scrutiny and greater certainty. At worst, the trees themselves would be lost during squabbles over inheritance but at least the grower-producer could deploy the proceeds

101. Allwood *A Report on the Tolai Cocoa Project* Part 6 'Drift away from Fermentaries', provides a lengthy discussion of the competition with traders and other fermentaries. The discussion includes a summary of Epstein's 'rules of inheritance' explanation, discussed below

102. Epstein *Capitalism, Primitive and Modern* p.126 states that: 'A considerable number of Rapitok men, who have had their own matrilineage lands planted with cocoa by their sons, wish to conceal this fact from their fellow parishioners', estimating that over 80% of 'the house-holders in the Rapitok area sold some cocoa to the traders in 1959/60 as a means of providing for their sons'.

received during his lifetime as he intended and improve the chances that his intentions would be satisfied after his death. This anthropological explanation based upon conflicting inheritance customs best explains the practice of growers selling such a substantial amount of cocoa to traders rather than the TCP, even if there appeared to be no immediate financial incentive to do so.¹⁰³

A major difficulty with this explanation, and the ultimate failure of the TCP which lead to privatisation, is that it does not take the next, necessary step. The anthropological explanation does not distinguish between the drive to accumulate by Tolai who formed the local indigenous class of capital, and the possibility that for other, most, Tolai, cocoa provided the means for acquiring an enlarged mass of consumption goods.¹⁰⁴

For members of the emerging capitalist class any principal of inheritance which dispersed assets, either as welfare or by passing them into the hands of a commercial rival, would have been anathema. Being able to determine the present as well as future ownership of assets is critical for accumulation. Any means of securing ownership for the current as well as the next generation is to be preferred. In this case a 'new' principal of inheritance, individual determination by the current owner(s) was chosen. For the members of households for whom cocoa income provided the basis for immediate, possibly enlarged consumption, the hiding of assets by the class of accumulators was an attempt to reduce their welfare. Unsurprisingly, the tussle between accumulation and welfare was a constant feature in all cocoa growing areas. Where land to expand plantings was least plentiful, including on parts of Peninsula, the conflict was especially sharp.

The distinction between accumulation and welfare is critical for understanding central features of the late colonial establishment of cocoa growing, marketing and processing among the indigenous population of the Gazelle Peninsula. As noted

103. Allwood *A Report on the Tolai Cocoa Project* Part 6 'Drift away from Fermentaries', which provides an extensive list of possible financial and other reasons why Tolai sold to traders rather than to the Project.

104. Salisbury *Vunamami* p.237, hints at the distinction, referring to two types of activities practised by Tolais, between 'bisnis' [Melanesian pidgin *tok pisin*: business] and 'not-bisnis' (food) as with 'land purchase and cultivation for subsistence'.

above, wealthy Tolai who had been involved in the pre-war increases in copra production and trade were among the first to plant cocoa, not always successfully. Indigenous growers with substantial numbers of cocoa trees as well as other commercial activities were also involved in the first efforts to construct a fermentary utilising Council resources at Ngatur. The same people were leaders of the LGCs, established in the early 1950s, who joined commercial activities with forms of political power. Their progress occurred despite the best efforts of the colonial administration which hoped to restrain any advance of the class, which as with international and expatriate capital might increase landlessness and proletarianisation.

Despite this intention to limit indigenous capital in cocoa growing, a small number of growers owning thousands of trees - often spread over a number of land-holdings owned and operated under different arrangements - emerged. By 1974, fifteen per cent of all indigenous-owned cocoa in East New Britain and Bougainville was grown using wage labour.¹⁰⁵ The extent of other labour-forms employed by the most substantial indigenous growers is unknown.¹⁰⁶

Initially the format of the TCP assisted in concealing the opposition between growers engaged in accumulation and those reproducing consumption at varying levels of need. Central to the disguise was the previously noted condition that all cocoa processed and sold through the Project remained the private property of each grower who registered with and sold to one or more of the Project's fermentaries. That is, distinct ownership conditions - for accumulation and consumption - could appear as the same private property rights. At the same time

105. Densley and Wheeler *Cocoa* p.18, citing Godyn *An Economic Survey of Cocoa in Papua New Guinea* Part III Village cocoa p.21. However it should also be noted that so substantial was the drive to plant more cocoa in south Bougainville where there were competing demands for labour from the newly opened mine and what John Connell describes as 'the lure of a new cattle industry', that by the early 1970s there were labour shortages. 'At the February 1970 Busiba Society directors' meeting a motion was passed that Busiba should find labour from outside Bougainville ("Highland labour") since local labour was in short supply. The Society were also willing to construct houses for such labourers...' *Taim bilong mani* p.175.

106. In the context of labour exchange in rural Africa, Harold White has pointed to the limits of confining analysis of hired labour to wage employment. See 'Combining Quantitative and Qualitative Approaches in Poverty Analysis' *World Development* v.30, no.3, 2002, pp.511-522. There is no reason to believe that the point is any less relevant for rural PNG, and the means by which indigenous capitalists obtained labour to work their largeholdings.

as the processed cocoa was secured as the private property of growers, Administration objectives regarding land usage - that the crop be grown on 'native land' which could not be bought and sold - and product quality could be met as well. That is 'better control of the product through all stages of production from land usage to final processing can be exercised' if the 'economic unit' is tied to the 'existing administrative organisation [Council]'.¹⁰⁷

However the TCP format also constrained the capacity of the indigenous bourgeoisie to accumulate in a potentially important area of commercial activity, processing smallholder cocoa. While individual Tolai could establish smaller fermentaries, compete with expatriate owned plantation processors and Chinese operations, the centralised production operations of the TCP offered a superior alternative. Gaining control of the TCP's assets became especially important, and privatisation of its operations added to the intensity of political tussles as self-government approached.

Accumulation and political power on the Gazelle Peninsula

Chapter Four considered how the political ambitions of local indigenous capitalists and would-be members of this class were often expressed as anti-colonial nationalism.¹⁰⁸ This nationalism was overtly directed at the local government system constructed in the Gazelle Peninsula as well as the European and Chinese presence in all spheres of commerce and industry. However less frequently noticed is the attachment between the political and commercial ambitions of the leadership of the most prominent anti-colonial nationalist organisation, the Mataungan Association (MA).

As with other Tolai businessmen and women, these commercial ambitions required breaking the bounds set against their expansion in the marketing and processing of smallholder produce: in this case, ending the restraints imposed by the dominance of the Administration-supported TCP joined economic and political objectives for some members of the indigenous class

107. Allwood *A Report on the Tolai Cocoa Project* Part 4, p.1

108. See also Thompson and MacWilliam *The Political Economy of Papua New Guinea*, pp.56-60

of capital.¹⁰⁹ Indigenous leaders simply inverted the reasoning initially applied by the Administration when the Tolai Cocoa Project was introduced: for the former, ending the connection between household productivity and local government councils which had been made in part to restrain their ambitions had to occur in the interests of expanding the space occupied by indigenous capital. Even if the dominance of smallholder growing and harvesting of cocoa was to continue for the foreseeable future, trading and processing were to be opened up further for indigenous capital.

In March 1971, the Tolai Cocoa Project ended. At minimal cost, its assets passed into the hands of the recently incorporated firm New Guinea Islands Produce Co Ltd (NGIP), whose directors were mostly wealthy and powerful Tolai.¹¹⁰ These men also were members of the multi-racial Gazelle Peninsula LGC, the organization favoured by the colonial administration and the object of intense opposition from the radical nationalists. Less than eighteen months later, New Guinea Development Corporation was incorporated, with its first proposed activity including trading and operation of a fermentary. Subsequently, the company purchased a 600-hectare plantation Vunapit. John Kaputin and Damien Kereku who had been recently elected to the House of Assembly as leaders of the Matanguan Association and were stringent critics of the LGC, were among seven directors and shareholders of a firm with paid up capital of \$A7 and nominal capital of \$A250,000.¹¹¹ That is, the long-standing competition between Tolai bourgeois

109. The wealthiest Tolai also began to take over plantations as these were vacated, particularly by expatriate owner-occupiers or planters.

110. PNG Registrar of Companies C.3193 *New Guinea Islands Produce Co.Ltd* and information provided by Company General Manager Mr Mike Manning. For a brief biography of one of these directors, Stanley Tomarita, who stood unsuccessfully on a 'conservative' platform for the Gazelle seat in the 1968 House of Assembly elections, see: Chowning, A.L.Epstein, T.S.Epstein, Jane Goodale and Ian Grosart 'Under the volcano' in Epstein, Parker and Reay eds. *The Politics of Dependence: Papua New Guinea 1968*, p.59. Another director, Meriba Tomakala, stood as an independent, effectively anti-Matanguan Association, pro-United Party (Rabaul) candidate for the Kokopo Open electorate in the 1972 House of Assembly elections. He polled second after the MA's Oscar Tammur. He also had been an unsuccessful candidate at the 1964 elections. In 1972 Tomakala was 'the wealthiest Tolai [standing] with no close rival' according to Ian Grosart and Christine F.McColl 'East New Britain' in Stone ed. *Prelude to Self-Government*, p.388

111. Registrar of Companies C.3868 *New Guinea Development Corporation Ltd*. The connection between the radical nationalist Matanguan Association, its preferred form of local government council – the Warkurai Nigunan – and the NGDC as the commercial opposition to the Administration-favoured New Guinea Islands Produce Co., is detailed in Ian Grosart 'Nationalism and micronationalism: the Tolai case' in R.J.May ed. *Micronationalist movements in Papua New*

and would-be bourgeois, as well as against non-indigenous traders and fermentary owners took an overt commercial form.

The subsequent limited commercial success of the New Guinea Development Corporation (NGDC) in the Gazelle Peninsula, and its move into Port Moresby, showed how intense was the competition in the activities of cocoa trading and processing.¹¹² After Independence, however, the New Guinea Islands Produce Company (NGIP) remained heavily involved in the cocoa industry in East New Britain.¹¹³ In late 1986, NGIP was involved as the management company for a 'locally-owned' consortium buying out the twenty one plantations in East New Britain, New Ireland and Bougainville/North Solomons still owned by the major Australian trading and plantation firm Burns Philp. The announced intention was to substantially expand hybrid cocoa plantings.¹¹⁴

Conclusion

The chapter has shown how important was the colonial administration's role in formulating a direction for cocoa production in PNG which sought to maximize output and prices obtained by local producers. Increasing smallholder output, in particular, represented a major success for the colonial administration. Income received from the crop lifted household living standards in island and some coastal districts, meeting the improved welfare objective of colonial development policy.

However increased cocoa production also brought to the fore important features of the spontaneous process of development, and continually threatened to undermine other aspects of colonial policy. The challenge was most obvious over processing and marketing on the Gazelle Peninsula. The rapid increase in the numbers of indigenous and other businesses processing smallholder cocoa and trading in the

Guinea p.142; and Grosart and McColl 'East New Britain', pp.380-381. The NGDC subsequently invested in a cocoa plantation, a tavern, tourism, and real estate on the Gazelle. After Independence, utilising funds borrowed in Australia, the firm purchased squash courts in Boroko, Port Moresby: see *The Times* July 19, 1984, p.32 'Tolai's search for capital: a case of national enterprise'.

112. Registrar of Companies C.3868 *New Guinea Development Corporation Ltd.*

113. Registrar of Companies C 3193 *New Guinea Islands Produce Co. Ltd.*

114. MacWilliam 'International Companies and Nationalist Politics in Papua New Guinea' p.41. Unfortunately for the consortium, the revolt on Bougainville which broke out in November 1988 eventually resulted in the closure of plantation operations in the province.

crop posed a constant threat to the Tolai Cocoa Project. As colonial authority was weakened during the move to self-government, this threat was realised when the assets of the public utility were transferred to a private firm owned by wealthy and politically powerful Tolai.

Across PNG, and not only on the Gazelle Peninsula, the colonial government-backed processing and trading arrangements which tried to protect growers and maximize returns rapidly disappeared. Instead, with only minimal state supervision of fermentaries, growers could either process their beans in rudimentary facilities or sell wet beans to an increasing number of processors and traders. The quality of smallholder cocoa began to decline.

The success of the colonial policy to increase smallholder output had limited the ability of local, mainly indigenous, capital to acquire land for largeholding cocoa production. One effect of this barrier to the acquisition of land was to intensify the tussle over plantations being vacated by expatriate owner-occupiers and international firms. Another was to ensure that the Papua New Guineans who came to power were ambivalent about the importance of the colonial development policies and practices which had sustained smallholder production. While household output and consumption provided an important underpinning for the processing and trading activities in which the indigenous bourgeoisie engaged, smallholder occupation of so much land also limited the largeholding ambitions of the class.

The removal of restrictions against the construction and operation of rudimentary fermentaries provided opportunities for households, to process their own bean, and would-be bourgeois to accumulate capital. With this intensified competition the PNG Cocoa Board was unable to maintain much authority over processing facilities. While licensing of fermentaries continued, inspections of their operations became cursory. Quality control passed to the exporting companies, and a long-term decline in PNG cocoa set in so that the country became a bulk cocoa, rather than fine and flavour producer. One direction plotted so deliberately by colonial

officials in the first decade after the war had been changed, even as smallholder production became dominant.

CONCLUSION

Introduction

The post-World War II period of colonial rule which preceded Independence in PNG and other countries in the South Pacific continues to be assessed in terms of the consequences for the indigenous population. In general, the evaluations are condemnatory, concluding that the colonial powers, particularly Australia, failed to bring growth and development. Sometimes critics make contradictory claims. Thus Helen Hughes asserted that although the region 'has been stalled at the communal stage of development', nevertheless:

the violence that was endemic in Pacific societies was held at bay during the colonial era by the imposition of security and probably more importantly, by rising living standards.¹

How stalling at the communal stage was or could be associated with colonial authority and welfare improvements is not explained. Drawing upon the anti-colonial objections formulated during the last years of Australian rule discussed in this thesis, Hughes also proposed that nostalgia about the colonial legacy is entirely misplaced. This is in part because:

Colonial administration was almost entirely carried out by expatriates. *Kiaps*, other local administrators and Christian missions treated local populations as children. Roads, airfields, ports, water and electricity serviced urban areas where expatriates lived. Production and productivity were neglected except for expatriate plantations... The prospects for independence were long denied (as they still are in the French colonies) so that when independence came to the Pacific as the result of global anti-colonisation agitation, Pacific populations were unprepared for it. Unpreparedness was a major cause of the difficulties the Pacific has encountered.²

The thesis has pointed to some of the empirical fallacies in such claims, including the extent to which the post-war colonial administration in PNG was driven by a smallholder rather than a plantation vision. Moreover Australian officials willingly accepted that the political future for the colony Papua and the UN Trust Territory New Guinea lay in their uniting as an independent nation-state. However the main

1. 'Aid has failed the Pacific' *Issue Analysis* No.33, May 7, 2003, p.11 Accessed 12/09/2005 on <http://exkiap.net?articles/cis20030507-failed-aid/ia33.htm>

2. 'Aid has failed the Pacific' p.12

concern of this study has not been to point out the weaknesses and errors in other accounts. Instead the thesis has examined what was probably the most important idea which informed policy throughout the thirty years after World War II, including during the period when Papua New Guineans began to hold and shape power at the apex of the transitional state.

Countless documents, statements and other forms of expression, only a few of which have been cited here, attest to the importance which the idea of development had for colonial and then indigenous officials. Probably no idea appeared more often as a guiding premise of policy. The thesis has considered what these officials meant by development, showing how some central elements remained constant while others changed. It is argued here that some of the difficulty in understanding the meaning of development lies in its historic relationship with other ideas, including growth and progress.

Cowen and Shenton, with whose account of development the thesis started, provide considerable detail on the connections between these ideas. They also outline how development was 'invented' and shaped over the next two centuries. Their examination stresses the continuing confusion surrounding the idea of development, so that today little remains beyond 'the jargon of development', defying definition.³ This jargon is apparent in commonplace descriptions, including the everyday understanding of the word as economic growth. However such popular versions conceal the substance of the definitional difficulty, which lies in 'making the intent to develop consistent with immanent development'.⁴

As Cowen and Shenton explain:

The difficulty arises because, while an immanent process of development encompasses the dimension of destruction, it is difficult to imagine why and how the intent to destroy should be made in the name of development.⁵

3. *Doctrines of Development* 'Conclusion' p.438

4. *Doctrines of Development* p.438

5. *Doctrines of Development* p.438

As the thesis has demonstrated, from the statement of PNG Administrator Colonel J.K. Murray in late 1947 (Chapter Two, pp.65-66) to that of Minister Hasluck in his 1956 lecture cited at the beginning, senior colonial officials were aware that development meant destruction and reconstruction, growth and preservation.

With this awareness, the principal difficulty faced was how to shape policies which responded to the contradictory nature of the idea which informed so much of colonial rule. Thus the second major objective of the thesis has been to shed light on a critical question: what was the policy effect of the idea of development which was held so strongly by those who wielded political power? The thesis argues that much of the confusion in understanding what occurred in late colonial PNG is due not only to the difficulty outlined above which is inherent in the idea of development itself, but also to the contradictory policies and outcomes which flowed from the influence of this powerful idea. Committing considerable resources to the attempt to grow dry upland rice in order to attain colonial self-sufficiency *and* importing rice which undercut domestic production of the crop but assisted in lifting indigenous living standards were both carried out in the name of development.

Development and PNG

Because the approach to development adopted by colonial authorities in PNG is a particular local adaptation of an influential idea, with roots reaching back at least to the late eighteenth – early nineteenth century in Europe, the thesis began outside Australia and the South Pacific. In Chapter One, a brief history was provided to show the origins of the modern idea of development. It is described as a response to what was seen as negative in the changes occurring in early industrial Europe, in particular unemployment and the disorder which could flow from impoverishment. Development was formulated to shape reform by retaining the positive aspects of growth – including the possibility of higher living standards flowing from increased productivity. In going beyond earlier ideas, development also retained elements of them, seeking to combine what was desirable in the old with a belief in the possibility of reducing or minimizing negative consequences of growth and progress. Development was formulated as the basis for combining two processes, one immanent, the other intentional. The latter subjective process

would provide the means of over-coming what was negative in the former by making productive that which had become unproductive or under-utilised.

Invented at a moment when industrial capitalism, the driver of growth as well as guarantor of unemployment had become dominant, development did not aim to overthrow the external authority or rule of capital. Instead development sought to transcend the worst effects of capital accumulation by means of state action which would secure or re-attach unemployed and under-employed labour to other means of production, including land. Thus capitalist development came to have a distinct, additional meaning to that of mere increase or growth, implying a form of change which combined the spontaneous process of accumulation with an intentional process that sought to make further accumulation possible by countering its tendencies to generate unemployment and disorder.

If the origins of the modern idea lay in Europe, its adoption and adaptation by Australian authorities in the first half of the twentieth century became especially important for post-war PNG. The Australian version of development retained its positivist and nationalist heritage, combining them in a slogan 'positive Australianism'. Although use of the slogan disappeared by the 1950s, its influence continued among officials who emphasized the distinctiveness of Australian policy for PNG by comparison to what they imagined occurred in the colonies of other metropolitan powers.

The two most important features of post-war development thought as applied to PNG were its emphasis on blocking further increases in the area of land held in largeholdings and increasing output on rural smallholdings farmed by indigenous households to maintain village communities. Chapter Two showed that despite the pressure applied by international firms as well as an emerging indigenous capitalist class with an increased presence in agriculture, colonial policy initially did not waver from either emphasis. Post-war reconstruction efforts eschewed what was advocated as a 'quick fix', allowing a rapid rehabilitation and extension of plantation agriculture to meet highly favourable international market conditions. Instead primary emphasis was given to rebuilding roads and bridges, housing and

household gardens, with an eye to the long-term effects this would have for increasing smallholder production and indigenous welfare.

The immediate post-war years also made clear the difficulty of putting what was intended into effect. While limits could be placed upon the spontaneous development of capitalism by restraining attempts to further extend largeholdings used for agricultural production, it was not so easy to expand smallholder output. Shortages of trained personnel, the immediate tasks of rebuilding property and lives affected by warfare, and extending colonial authority to more parts of the country combined with a lack of specific direction from the Minister and Department of External Territories in Canberra to make development uncertain.

During the 1950s, the importance of trusteeship for development was amply demonstrated. From the origins and practice of the idea of development, the role of trustees who could implement a particular doctrine of development was central to what was meant by making development happen, or bringing development. With an activist Minister in charge of the reformed and strengthened department responsible for PNG, the colony entered a period of considerable change. Official coordination and supervision of rural households' activities became extensive under the agrarian doctrine of development which underpinned much official policy. Smallholder production for immediate consumption and marketed output increased, while output on largeholdings rose without seriously threatening the principal objective of colonial development policy. Policies for uniform or even development sought to extend the smallholder increases as widely as possible across the colony. Indigenous employment in wage labour was discouraged in the name of maintaining rural, village life as the preferred form of community.

The uniform development policies were generally successful, as Chapter Three shows. That success made further growth without substantial disruptions more difficult. Land shortages began to limit possibilities for further extending household production. The Minister and Department pushed for tax reform, largely because of the need for increased state revenues to extend the capacity of the colonial administration to coordinate and supervise further household production, including

through more extension services. Requesting World Bank assistance was driven by the same objective. Simultaneously international and Australian domestic pressure to accelerate political changes to meet the goals of self-government and national independence became more important.

As Chapter Four shows, during the 1960s a further revised vision of development came to drive colonial policy, pushed by important political and administrative changes. Hasluck, Lambert and Cleland departed and were replaced by people with a commitment to accelerated development, a greater role for private capital and spontaneous growth. Planning for and then construction began of a massive mine at Panguna, in the Bougainville district. A major increase in the immigration of skilled and semi-skilled expatriates to work in private and state employment led to a rapid growth in commerce. The continued output increases from smallholder agriculture also created room for indigenous commerce in the processing and marketing of export crops, transporting and selling consumer goods. The growth of towns encouraged migration from rural areas, and wage employment of indigenes in the Administration and private firms grew considerably.

The pace of change became especially rapid and the agrarian doctrine of development, so important for the first two decades after the war, began to lose its importance in providing a distinct direction for state policy. The focus of trusteeship changed from maintaining community while expanding smallholder agriculture to accelerating economic growth without much official concern about negative consequences: spontaneous development became the focus of official aims and policy shifted to place investment by private firms foremost. An important part of the change was the reform of representative institutions to include more indigenes. A significant consequence of the political changes was the emergence of anti-colonial politics among the increasing number of Papua New Guineans whose ambitions were being thwarted by the expanding expatriate presence in waged and salaried employment, and small commercial operations.

Chapter Four's description of the phase of rapid growth and the criticism which arose illustrates some central features of the spontaneous process of

development. Rapid growth spurred the advance of indigenous capital, some of whose representatives became forceful opponents of colonial policy. Growth also accelerated the process by which indigenes were separated from land and became increasingly susceptible to the vagaries of wage labour markets in towns and rural areas. Squatter occupation of vacant and under-utilised largeholding land became more common. In the Highlands there was a major outbreak of fighting, driven partly by land-shortages and people jostling to claim land currently occupied by plantations. In this region and elsewhere, vociferous opposition to foreign ownership only partly concealed the growing tussles between the ambitions of indigenous capitalists and would-be capitalists aiming to take over largeholdings from departing expatriates and households trying to acquire smallholdings by subdividing plantations. In short, along with the positive side of growth, including Hughes' 'rising living standards', threats to social order became especially pronounced as policy drifted away from the earlier dominance of intentional over immanent development.

If increased unemployment and disorder in early industrial Europe provided important conditions for the invention of the modern idea of development, in the early 1970s similar circumstances occurred globally, including in PNG. Development thought was further reshaped. Academics, consultants and others fashioned a policy direction which emphasized growth through redistribution. The drive to make productive that which had become unproductive or under-utilised, the central concern of intentional development, resulted in a plethora of internationally influential reports, including for non-industrial countries. An important component of this phase of thought about how to renew development was a focus upon rural areas, and agricultural production.

For PNG, the Faber Report which fitted with the direction being proposed internationally was influential. This importance arose in part from the Report's concern for domestic demands for the redistribution of largeholdings and other commercial operations from expatriates to indigenes. These demands had a lengthy history in parts of PNG, including the Gazelle Peninsula where foreign ownership of plantations and land shortages for smallholdings were especially

pronounced. Intensified squatter occupation of under-utilised acreages on largeholdings, the rise of a more pronounced radical nationalism, approaching self-government and the increasing importance of indigenous capitalists made the precise meaning and implications of redistribution for further growth unclear.

Chapter Four emphasized how in the late 1960s and early 1970s tensions heightened between the two processes of development, spontaneous and intentional. There was never a major challenge to capitalist accumulation, in a country where income from mineral and agricultural exports to major industrial countries substantially lifted living standards for most of the population. But the policy requirements necessary to sustain growth and profitability for capitalist enterprises were continuously contested. While statements by politicians and other officials continued to emphasise the importance of further welfare improvements for rural households, there was growing uncertainty about what official policy and practice was necessary for this to occur. Nevertheless, by Independence, when this study ends, increased revenues from the Panguna mine and the beginning of a substantial increase in coffee prices due to a major frost in Brazil gave some grounds for optimism about the country's prospects,⁶ and to an extent papered over the consequences of the shift away from the previously ascendant agrarian doctrine of development.

The subsequent chapters of the thesis, case studies of rice and cocoa production, processing and marketing, emphasised how the international process of capitalist accumulation determined what Australian authorities could achieve through development policies. While there was little increase in rice production within PNG, despite a substantial commitment of personnel and other resources, the greater availability of rice internationally made more imports possible. This in turn led to improved living standards for much of the rural and urban population. Self-sufficiency in rice production was not achieved but increased consumption of

6. See Ron May 'From Promise to Crisis: A Political Economy of Papua New Guinea' file:///C:/Documents%20and%20Settings/Administrator/My%20Documents/May%20From%20Promise%20to%20Crisis.html

imported rice assisted in ensuring that the over-arching goal of improved consumption and welfare was attained.

The production, processing and international marketing of cocoa also illustrated how colonial development as thought and policy needs to be evaluated in the light of the tensions inherent in the immanent and intentional processes which constitute development. International and domestic processes of capitalist accumulation continually constrained what could be achieved by and through official policy. While the effect of international markets is well understood, less often considered are the domestic process of accumulation and the significance of the indigenous capitalist class in PNG.

The success of colonial policy for the expansion of smallholder cocoa production provided a potential space in which local, mainly indigenous capitalists could operate. (A similar process occurred in the production of other export crops, particularly coffee.) The output increases from the 1950s and the subsequent widespread plantings which led to the post-independence dominance of household cocoa production over plantation output created room for Papua New Guineans to establish processing and trading enterprises. This commercial advance occurred while the indigenous presence in largeholding agriculture remained constrained by colonial policy and the dominance of expatriate plantation ownership.

By the late 1960s and early 1970s, the efforts of indigenous capitalists and would-be capitalists to enlarge the space available for their operations helped shape late colonial representative politics. During the transition from the colonial to the national state in the early 1970s, their growing influence became a significant factor affecting future government policies on the direction of development. The colonial administration's coordination and supervision of increased cocoa production by smallholders was seen by some of the indigenous capitalist class as a barrier to further advance. This awareness enhanced the prospect that as representatives of indigenous capital gained more political power state policy would be turned against the smallholder scheme of agriculture, including to favour largeholding agriculture. Uncertainty came out of the certainties of even

development, as pushed by colonial policy of the 1950s. State coordinated and supervised development of smallholder production was threatened.

The Future of Development in PNG

Finally, the thesis shed light on present concerns about development in Papua New Guinea. Among the continuing descriptions of failures of development in the South Pacific region in general and PNG in particular, a recent Australian Agency for International Development (AusAID) report notes that :

The Pacific as a whole is significantly off track to meet the MDGs [Millennium Development Goals] by 2015... Of greatest concern are [PNG] and Timor-Leste, two significant countries which are both off track on almost all MDGs.⁷

Other accounts have portrayed PNG as a country divided into two nations, comprising 'a wealthy elite' with the bulk of the population living in rural 'villages...and shanty township settlements', with 'fair nutrition' but little else, 'among the poorest people in the world'.⁸ At best, PNG is a country which struggles to 'come back from the brink' of even greater decline, relative to other countries.⁹ If for Morris and Stewart, village agriculture is the cornerstone of life for the majority of Papua New Guineans which should not be undermined,¹⁰ Hughes proposes that while 'resource projects are important' for much needed economic growth:

they should be seen as the icing on the cake of labour-intensive agriculture, tourism and manufacturing that would provide the [waged] jobs and income needed to meet the aspirations of a young and growing population.¹¹

7. *Tracking development and governance in the Pacific* Canberra: AusAID, August 2009, p.1

8. Helen Hughes and Susan Windybank 'Papua New Guinea's Choice A Tale of Two Nations' *Issue Analysis* No.58, May 31 2008, p.1

9. 'Can Papua New Guinea Come Back from the Brink?' *Issue Analysis* No.49, July 13, 2004, which followed Susan Windybank and Mike Manning 'Papua New Guinea on the Brink' *Issue Analysis* No.30, March 12, 2003, which began with the assertion that: '(PNG) shows every sign of following its Melanesian neighbour, the Solomon Islands, down the path to economic paralysis, government collapse and social despair'.

10. *Papua New Guinea Analytical Report* p. 9-18

11. 'Can Papua New Guinea Come Back from the Brink?' p.3. The focus upon growth as the principal means of reducing poverty is not confined to the former academic, economist Hughes. In its 2005 recommendations for a revamping of Australia's overseas aid programme, including for PNG, the Core Group which oversaw the preparation of a White Paper listed economic growth as the first of four priorities, which also included 'fostering functioning and effective states, investing in people, and promoting regional stability and cooperation'. Ron Duncan, Meryl Williams and Stephen Howes *Core Group Recommendations Report for a White Paper on Australia's aid program* Canberra: AusAID, December 2005, piii

What the thesis has shown, in the context of late colonial PNG, are the contradictions inherent in what is being advocated. Where Australian Territories Minister Hasluck and other officials saw a threat to their vision of development arising from largeholding agricultural expansion and waged employment, it is now being asserted that growth will lead to development without the need for policy which anticipates and counters any negative consequences. Where the late colonial administration sought to preserve village life and restrain proletarianisation, improving living standards and maintaining household attachment to land as the embodiment of development, now there is only limited recognition that one form of growth may have damaging consequences for the other. The inevitability of increased landlessness and unemployment as well as environmental degradation as a result of the expansion of largeholdings and factories does not appear in current proposals advocating higher rates of growth. Instead of seeing manufacturing and urbanization as a threat to development, to be restrained until safeguards against impoverishment and disorder could be erected, the predominant tendency is to believe that there are few important deleterious consequences which could follow from pursuing both largeholding agriculture and manufacturing.¹²

Instead of a colonial administration imbued with a belief in its role as trustees committed to bringing development, little is now said about how trusteeship might be exercised and who the trustees would be in contemporary PNG. Beyond PNG, when it is suggested internationally that 'it is necessary to build a new developmental state'¹³ to deal with extensive impoverishment in many countries, the politics of such an endeavour are rarely mentioned. The important matters of who are to be the developers and how such a stratum might capture state power to bring development are rarely considered.¹⁴

12. There are, of course, dissenting views rejecting this tendency: see, for example, the essays in Jim Fingleton ed. *Privatising Land in the Pacific* Canberra: The Australia Institute Discussion Paper No. 80, June 2005

13. United Nations Conference on Trade and Development *The Least Developed Countries Report 2009 The State and Development Governance* New York and Geneva, 2009, p.iv

14. These have been important matters raised in the 'developmental state debate' regarding the means by which industrialization occurred in Germany as well as Japan and other countries. However they do not have any prominence in contemporary official proposals to join agriculture with development. See, for one instance, IBRD/World Bank *World Development Report 2008 Agriculture*

As this thesis has shown, the capacity of the state to bring development and even restrain what is negative in the immanent process of capitalist development is the product of particular, limited circumstances. In the case of late colonial PNG, these circumstances included a government whose authority over the colony stemmed from international agreements, not from any expression of popular will by the indigenous population. These agreements underpinned the capacity to exercise trusteeship, initially at least without reference to elections or other forms of representative politics in the colony. The short period of transition to self-government and independence indicates that when bringing development was an objective adopted by a popularly elected government, the ability to make development happen was not increased by changes in the nationality and race of the holders of state power. Nor did the shift from a colonial to a national state make development more likely. Instead tussles intensified among Papua New Guineans about what development might mean and the policies required for it to happen. The late colonial PNG experience suggests that calls to make 'free' or 'full' human development occur face the substantial challenge of what is inherently contradictory, incapable of being resolved, within capitalist development.

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